

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	1,169.64	48.00	7.00	1,224.64	56.00	7.00	1,232.64	1,232.64
Personal Services	54,729,334	6,644,165	348,348	61,721,847	7,258,941	349,039	62,337,314	124,059,161
Operating Expenses	68,842,101	31,351,898	3,771,219	103,965,218	35,762,760	2,950,045	107,554,906	211,520,124
Equipment	257,098	315,415	0	572,513	216,000	0	473,098	1,045,611
Benefits & Claims	4,508,563	0	0	4,508,563	0	0	4,508,563	9,017,126
Transfers	1,866,299	0	0	1,866,299	0	0	1,866,299	3,732,598
Debt Service	216,708	0	0	216,708	0	0	216,708	433,416
Total Costs	\$130,420,103	\$38,311,478	\$4,119,567	\$172,851,148	\$43,237,701	\$3,299,084	\$176,956,888	\$349,808,036
General Fund	127,238,338	37,044,860	4,041,831	168,325,029	42,078,250	3,226,618	172,543,206	340,868,235
State/Other Special	2,501,435	1,181,503	77,736	3,760,674	1,074,316	72,466	3,648,217	7,408,891
Federal Special	219,056	4,320	0	223,376	4,320	0	223,376	446,752
Proprietary	461,274	80,795	0	542,069	80,815	0	542,089	1,084,158
Total Funds	\$130,420,103	\$38,311,478	\$4,119,567	\$172,851,148	\$43,237,701	\$3,299,084	\$176,956,888	\$349,808,036

Agency Description

The Department of Corrections (DOC), authorized in 2-15-2301, MCA, is directed in 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's five programs are:

- Administration and Support Services including the Director's Office, Health, Planning and Information Services Division, Human Resources Division, Administrative and Financial Services Division and the administratively attached Board of Pardons and Parole
- Community Corrections Division including division administration, Treasure State Correctional Treatment Center, contracted pre-release centers, probation and parole, DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)), methamphetamine treatment facilities (spring of 2007), Missoula Assessment and Sanction Center (MASC), Sanction Transition Assessment Revocation and Treatment Center (START)
- Secure Custody including Montana State Prison; Montana Women's Prison; contract beds including regional prisons in Great Falls, Glendive, and Missoula; and a private prison in Shelby
- Montana Correctional Enterprises including agriculture, industries, vocational education, cook chill, license plate factory, and inmate canteen
- Juvenile Corrections Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, Transition Centers, and Pine Hills Youth Correctional Facility

Agency Highlights

Department of Corrections Major Budget Highlights	
◆	The 2009 biennium budget is \$89.0 million (34 percent) greater than double the FY 2006 base budget, including an increase of \$86.4 million (34 percent) in general fund and \$2.4 million (48 percent) in state special revenue
◆	General fund increases due to requests for: <ul style="list-style-type: none"> • Annualization and expansion of community corrections and secure care due to population increases <ul style="list-style-type: none"> ○ \$29.6 million to annualize new community corrections programs implemented or being implemented in the 2007 biennium

<ul style="list-style-type: none"> ○ \$24.2 million to annualize increases in secure care, including additional contract beds, due to anticipated increases in offender populations ○ \$4.0 million additional costs related to probation and parole including funding for 29.00 FTE in FY 2008 and 37.00 FTE in FY 2009 ○ \$1.9 million to support the addition of 80 pre-release beds in FY 2009 • Support for operation of Montana State Prison and information technology <ul style="list-style-type: none"> ○ \$5.3 million and 12.00 FTE to support increases at Montana State Prison including overtime costs, expansion of the inmate transportation program, supplies, and equipment and staff transportation ○ \$4.7 million and 4.00 FTE for technology projects such as interoperable communications, electronic storage and workflow applications, a fiber plant upgrade at Montana State Prison, staff scheduling software, and inmate banking and commissary software • \$8.4 million for statewide present law adjustments • Items such as: <ul style="list-style-type: none"> ○ \$2.0 million for provider rate increases ○ \$1.8 million for the juvenile re-entry program previously funded by a federal grant ◆ State special revenue increases due to requests for: <ul style="list-style-type: none"> • \$1.1 million for inmate canteen services • \$0.3 million probation and parole supervisory fees and support for 1.00 FTE administrative support ◆ The department estimates an overall offender population increase of 6.7 percent, including: <ul style="list-style-type: none"> • 6.0 percent per year in male secure care • 17.0 percent in female secure care • 7.2 percent in FY 2008 and 10.0 percent in FY 2009 in male community placements • 12.0 percent in FY 2008 and zero percent increase in FY 2009 in female community placements • 6.0 percent per year in probation and parole cases 	<tr> <th colspan="2" data-bbox="332 1291 1286 1333">Major LFD Issues</th></tr> <tr> <td colspan="2" data-bbox="332 1333 1286 1923"> <ul style="list-style-type: none"> ◆ The number of beds supported by the budget request exceeds the number of offenders anticipated per the departments population estimates by 279 and 241 in FY 2008 and 2009, respectively, at an estimated cost of \$20 million for the biennium ◆ The budget request does not specify where additional facilities or beds will be located or who it will contract with for the provision of services; rather, department staff indicate that requests for proposals will be issued to locate contractors ◆ Information requested for selected new proposals in general did not contain specific goals and objectives; definitive, quantifiable performance measures; or specific milestones (date/task completion) for implementation or achievement of the proposal ◆ The budget request for the department does not contain specified funding to support additional expenditures impacting the department for: <ul style="list-style-type: none"> • The Secure Treatment and Examination Program (STEP), a joint project of DPHHS and DOC to serve mentally ill forensic populations • Expansion of the work dorm at MSP included in the long-range building request </td></tr>	Major LFD Issues		<ul style="list-style-type: none"> ◆ The number of beds supported by the budget request exceeds the number of offenders anticipated per the departments population estimates by 279 and 241 in FY 2008 and 2009, respectively, at an estimated cost of \$20 million for the biennium ◆ The budget request does not specify where additional facilities or beds will be located or who it will contract with for the provision of services; rather, department staff indicate that requests for proposals will be issued to locate contractors ◆ Information requested for selected new proposals in general did not contain specific goals and objectives; definitive, quantifiable performance measures; or specific milestones (date/task completion) for implementation or achievement of the proposal ◆ The budget request for the department does not contain specified funding to support additional expenditures impacting the department for: <ul style="list-style-type: none"> • The Secure Treatment and Examination Program (STEP), a joint project of DPHHS and DOC to serve mentally ill forensic populations • Expansion of the work dorm at MSP included in the long-range building request 	
Major LFD Issues					
<ul style="list-style-type: none"> ◆ The number of beds supported by the budget request exceeds the number of offenders anticipated per the departments population estimates by 279 and 241 in FY 2008 and 2009, respectively, at an estimated cost of \$20 million for the biennium ◆ The budget request does not specify where additional facilities or beds will be located or who it will contract with for the provision of services; rather, department staff indicate that requests for proposals will be issued to locate contractors ◆ Information requested for selected new proposals in general did not contain specific goals and objectives; definitive, quantifiable performance measures; or specific milestones (date/task completion) for implementation or achievement of the proposal ◆ The budget request for the department does not contain specified funding to support additional expenditures impacting the department for: <ul style="list-style-type: none"> • The Secure Treatment and Examination Program (STEP), a joint project of DPHHS and DOC to serve mentally ill forensic populations • Expansion of the work dorm at MSP included in the long-range building request 					

Agency Discussion

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

LFD ISSUE	<p>Information for Selected New Proposals</p> <p>At the direction of the Legislative Finance Committee, legislative staff developed and requested from agencies additional information regarding selected budget requests so that the legislature would have information to use in the evaluation of these requests, particularly for items that represent new programs or significant expansions of existing programs. The information requested of agency staff for selected proposals was embodied in the following eight questions.</p> <ul style="list-style-type: none"> • Justification: Why is this proposal needed? • Goals: What are the goals for the proposal? • Performance Measures: How will progress be measured? • Milestones: When will key activities be completed? • FTE: Who will do the work? • Funding: How does the funding work? • Obstacles: What are the challenges to implementing this proposal? • Risk: What is the risk to the state if the proposal is not adopted? <p>The department's response is included in the program and subprogram budget requests following the decision package description to which the information is applicable. In general the information provided by the department did not contain:</p> <ul style="list-style-type: none"> • Specific goals and objectives • Definitive, quantifiable performance measures • Specific milestones (tasks to be completed and the date for completion) for implementation or achievement of the proposal <p>Additionally, in some cases the department was unable to provide data supporting statements of program accomplishments and in another instance the response to "FTE: Who will do the work?" was "N/A", leaving the reader to wonder how the proposal would be completed.</p> <p>Given the concerns above, legislative staff inquired whether or not the department would like to provide additional information related to these proposals. In response the department provided a copy of the agency goals and directed staff to the department's website, biennial report, and the presentation template for subcommittees.</p> <p>As the legislature reviews the selected proposals for which this information was requested, it may wish to ask the department for further documentation for these proposals and direct staff to include this information in documentation of legislative action on the budget request so that expectations are documented and accomplishments may be compared to legislative expectations.</p>
----------------------	---

2007 Biennium Initiatives

The legislature provided funding for several new initiatives for the 2007 biennium. Information related to selected new initiatives is presented below.

Revocation Center

The legislature provided \$5.5 million general fund and 55.64 FTE so the department could develop a revocation center within Montana State Prison (MSP) and work with offenders that are non compliant with probation or parole conditions. The program goal was to return these offenders to the community rather than prison. While the legislature envisioned housing this program in the old reception center at MSP, the department is utilizing that facility to house inmates and hired a contractor to operate a revocation program on the Warm Springs Campus. On December 12, 2005, a new 88 bed program called Sanction, Treatment, Assessment, Revocation and Transition (START) was opened and as of September 7, 2006 there had been 500 admissions and 424 discharges, 293 of which returned to community placement (including the boot camp). The 2009 biennium estimated annual costs of this program are \$2.1 million, slightly less than the annual funding provided by the legislature.

Provider Rate Increases

The legislature provided \$1.5 million general fund to support provider rate increases for prerelease centers, the WATCH program, regional prisons, and the private prison. Rate increases were provided to various contractors, and in some cases negotiations resulted in rate increases above the level anticipated by the legislature.

Transfer of JDIP Funding

The legislature transferred \$3 million of funding from secure custody to the Juvenile Corrections Division for the Juvenile Delinquency Intervention Program (JDIP) and included language in HB 2 that allowed this funding to be transferred and used in adult services if needed. Given the cost overruns and supplemental appropriation need of the department, this funding was transferred to adult services to offset the supplemental appropriation.

Additional Prerelease Beds

The legislature provided \$6.4 million more than the executive requested to increase the number of pre-release beds, illustrating a legislative preference for community corrections alternatives to secure care placement. The department, through contracts, has increased the number of pre-release beds available. Male pre-release beds have increased from 466 in FY 2004 to an estimated 652 in FY 2007 and female pre-release beds have increased from 110 in FY 2004 to an estimated 178 in FY 2007.

Additional Probation and Parole Staff

The legislature provided \$1.4 million to support additional probation and parole officers (15.00 in FY 2006 increasing to 19.00 in FY 2007) due to increased caseload. The caseload is anticipated to increase from 7,000 in FY 2005 to between 7,300 and 7,600 during the 2007 biennium. The department has increased the number of probation and parole officers by 23.00 FTE (including 4.00 FTE modified positions) and probation and parole caseload is now about 8,234 cases.

Summary

The 2009 biennium budget request predicts a rising population of offenders throughout all aspects of the adult corrections system, male, female, secure care, community treatment options, and probation and parole supervision. While the 2009 biennium budget request includes funding to support the anticipated population it does not, in all cases, provide a clear picture of where offenders will be housed. For example, additional funding is provided for contract beds. However, the budget request does not indicate where these beds will be located. On the flip side, at least two proposals for increased beds, a joint program with the Department of Public Health and Human Services and a request for construction to expand the work dorm, are not discussed in the department's budget request. In general, the themes that seem to guide the department's request are: 1) avoidance of placement in out-of-state facilities; 2) legislative lack of support for additional private prison beds; and 3) preference for community treatment options rather than secure care when appropriate.

Figure 1
Department of Corrections
Summary of Adult Population

Component	Actual						Department Estimate			
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Secure Care - Males										
Montana State Prison - Deer Lodge	1,261	1,268	1,319	1,307	1,325	1,430	1,459	1,467	1,467	1,467
County Jails	105	43	86	109	128	125	172	130	130	130
Great Falls Regional Prison	138	132	134	109	149	151	151	152	152	152
Dawson County Regional Prison - Glendive	136	136	138	137	140	141	142	141	141	141
Missoula Regional Prison	62	150	160							
Private Prison	215	384	394	348	391	458	501	500	550	550
Out of State Inmates	103									
Unspecified Location (see note)	0	0	0	0	0	0	0	180	285	448
Male Secure Care	2,020	2,113	2,232	2,010	2,133	2,305	2,425	2,570	2,725	2,888
Growth From Previous Year		4.6%	5.6%	-9.9%	6.1%	8.0%	5.2%	6.0%	6.0%	6.0%
Average Annual Rate of Change		4.6%	5.1%	-0.2%	1.4%	2.7%	3.1%	3.5%	3.8%	4.1%
Community Corrections - Male										
Missoula Assessment and Sanctions Center				119	131	133	135	141	141	141
START (revocations only) - Warm Springs							35	80	80	80
Meth Treatment - Lewistown								15	80	80
WATCh Program (DUI) Warm Springs / Glendive	0	0	27	119	116	119	123	106	106	106
TSCTC Boot Camp - Deer Lodge	34	42	44	50	54	54	52	60	60	60
Connections Corrections - Butte / Warm Springs		25	24	24	27	41	67	65	65	65
Prerelease	413	377	419	438	435	472	515	652	652	652
Enhanced Supervision Program							4	40	40	40
Prerelease Transitional Living		21	24	32	38	38	46	40	40	40
Alternatives to Secure Care, Unspecified								(20)	(55)	9
Pre-release, Unspecified	0	0	0	0	0	0	0	(75)	(25)	29
Male Community Placement	447	465	538	783	801	858	976	1,104	1,184	1,302
Growth from Previous Year		4.0%	15.7%	45.6%	2.2%	7.1%	13.9%	13.1%	7.2%	10.0%
Average Annual Rate of Change		4.0%	9.7%	20.6%	15.7%	13.9%	13.9%	13.8%	12.9%	12.6%
Total Male Population	2,467	2,578	2,770	2,793	2,934	3,163	3,401	3,674	3,909	4,190
Growth from Previous Year		4.5%	7.5%	0.8%	5.0%	7.8%	7.6%	8.0%	6.4%	7.2%
Average Annual Rate of Change		4.5%	6.0%	4.2%	4.4%	5.1%	5.5%	5.9%	5.9%	6.1%
Secure Care - Females										
Montana Women's Prison	70	71	74	128	164	186	218	194	194	194
County Jails	12	16	22	11	10	44	45	48	48	48
Out of State Inmates	25									
Private Prisons	25	61	74	7	0	0	0	0	0	0
Unspecified Location	0	0	0	0	0	0	0	67	119	181
Female Secure Care	132	148	170	146	174	230	263	309	361	423
Growth from Previous Year		12.1%	15.1%	-14.4%	19.4%	32.2%	14.2%	17.5%	16.8%	17.2%
Average Annual Rate of Change		12.1%	13.6%	3.4%	7.2%	11.8%	12.2%	12.9%	13.4%	13.8%

Figure 1 (continued)
Department of Corrections
Summary of Adult Population

Component	Actual						Department Estimate			
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Community Corrections - Female										
Billings Assessment and Sanctions Center				3	14	17	20	20	20	20
Intensive Challenge Program - MWP - Billings	0	0	7	6	7	6	15	14	20	20
Meth Treatment - Boulder								7	40	40
TSCTC Boot Camp - Deer Lodge	3	4								
WATCH Program (DUI) - Glendive	0	0	2	17	25	20	23	40	40	40
Connections Corrections - Butte		6	6	6	8	14	20	25	25	25
Prerelease	95	101	104	104	112	117	120	178	178	178
Enhanced Supervision Program							1	20	20	20
Prerelease Transitional Living		4	5	9	12	12	12	20	20	20
Unspecified Location	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Female Community Placement	98	115	124	145	177	186	211	324	363	363
Growth from Previous Year		17.1%	8.1%	16.8%	22.1%	4.9%	13.7%	53.4%	12.0%	0.0%
Average Annual Rate of Change		17.1%	12.5%	14.0%	15.9%	13.6%	13.7%	18.6%	17.8%	15.7%
Total Female Population	230	263	295	291	351	416	474	633	724	786
Growth from Previous Year		14.3%	12.1%	-1.2%	20.7%	18.4%	14.0%	33.5%	14.4%	8.6%
Average Annual Rate of Change		14.3%	13.2%	8.1%	11.2%	12.6%	12.8%	15.6%	15.4%	14.6%
Intensive Supervision Program	194	226	252	277	255	288	306	343	384	430
Growth from Previous Year		16.5%	11.5%	9.9%	-8.0%	13.2%	6.1%	12.0%	12.0%	12.0%
Average Annual Rate of Change		16.5%	14.0%	12.6%	7.1%	8.3%	7.9%	8.5%	8.9%	9.2%
Probation & Parole	5,963	6,047	6,104	6,552	6,813	7,073	7,536	7,988	8,467	8,975
Number of P&P Officers	69	69	90	90	90	89	105	105	105	105
Growth from Previous Year (caseload)		1.4%	0.9%	7.3%	4.0%	3.8%	6.5%	6.0%	6.0%	6.0%
Average Annual Rate of Change		1.4%	1.2%	3.2%	3.4%	3.5%	4.0%	4.3%	4.5%	4.6%
Total All Categories Actual/Projected Adult ADP	<u>8,854</u>	<u>9,113</u>	<u>9,420</u>	<u>9,913</u>	<u>10,353</u>	<u>10,940</u>	<u>11,718</u>	<u>12,638</u>	<u>13,484</u>	<u>14,381</u>
Growth from Previous Year		2.9%	3.4%	5.2%	4.4%	5.7%	7.1%	7.9%	6.7%	6.7%
Average Annual Rate of Change		2.9%	3.1%	3.8%	4.0%	4.3%	4.8%	5.2%	5.4%	5.5%

NOTE:

Unspecified location indicates the difference between the population of offenders the department projects and the current capacity of the applicable system component. If the number shown is negative, the system has more capacity (beds) than anticipated offenders. If the number shown is positive, the system lacks capacity (beds) for the population level projected.

Population Estimates

Figure 1 summarizes department estimates of population growth for FY 2007 through 2009 and historical population growth since FY 2000. While this figure is based upon department information it is sorted for the purposes of this analysis in a manner different than the population projection spreadsheet published by the department. Additionally, the reader will note several lines titled “unspecified location”, meaning that the department is estimating a number of offenders that varies from the bed capacity of existing facilities (contracted and state operated). If the number shown is negative (in brackets) then there are more beds in the system than estimated offenders. If the number shown is positive, then there are more anticipated offenders than bed capacity within the system. For example, male pre-release, unspecified shows (75), (25), 20 for FY 2007 through 2009 respectively. This means that the system has excess capacity in FY 2007 and 2008 of 75 and 25 beds, respectively, but does not have enough beds for the number of offenders anticipated in FY 2009 and will need 20 additional beds if population estimates are realized.

In some cases the legislature will see decision packages, such as funding for pre-release beds in northwestern Montana, that provide an indication of actions contemplated by the department to expand capacity. In other instances information related to department plans for expansion are not mentioned in the budget request. Specifically, the expansion of the work dorm included in the long range building request and development of the STEP program for mentally ill forensic patients is included in the long range building request and the Department of Public Health and Human Services budget but not mentioned in the Department of Corrections budget request.

In general the population estimates (based upon trending) project that:

- Male Secure Care - will grow 6 percent per year between FY 2007 and FY 2009, which appears to be consistent with past annual rates of growth
- Male Community placements - are expected to increase dramatically between FY 2000 and FY 2009, from 447 in FY 2000 to an estimated 1,302 in FY 2009. This increase appears to be consistent with legislative action during the 2005 session which emphasized the creation of community alternatives in preference to secure care and/or private prison beds. Given the recent growth in male community placements the department’s estimated population for the next biennium appears that it may be somewhat understated
- Female Secure Care - has been growing significantly and the department’s projection continues that trend. Given the trend in the growth rate of female secure care, the department’s population projection appears to be reasonable
- Female Community Placements – is projected to grow at various rates for FY 2007 through 2009, which may be impacted by the growth in pre-release beds (unspecified, pre-release) which is included in this table with male community corrections. However, it seems unlikely that there will be zero growth in female community placements between FY 2008 and 2009 unless the system lacks capacity and additional capacity is not planned. The legislature may wish to request that the department re-evaluate its estimate that there will not be an increased number of female offenders in community placement between FY 2008 and 2009
- Intensive Supervision and Probation and Parole - an increase of 12.0 percent per year in cases receiving intensive supervision and 6.0 percent per year in probation and parole cases is projected. Intensive supervision and probation and parole caseloads are projected to grow at rates greater than they have historically. The percentage of offenders under probation and parole supervision (including intensive supervision) decreases slightly from 66.9 percent in FY 2006 to an estimated 65.4 percent in FY 2009. This change is likely reflective of the increase in community placement options, particularly for males, which result in a decrease in the percentage of offenders in other segments of the system
- Combined Community Corrections - the number of offenders projected to be in community placements or under the supervision of community corrections grows from 9,029 in FY 2006 to a projected 11,070 in FY 2009. However, the percentage of total offenders under the supervision of community corrections remains constant at 77 percent when FY 2006 and 2009 are compared. The percentage of offenders under community corrections supervision has increased when compared to the 75.7 percent under the supervision of community corrections in FY 2000. Department staff has indicated that the goal of the department is to have 80 percent of the offenders served by community corrections and 20 percent in secure care

Figure 2 summarizes actual and projected average daily populations for FY 2006 and 2009, respectively, by major system component and as a percentage of the total correctional population.

Figure 2				
Summary of Corrections Average Daily Population				
Item	FY 2006		FY 2009	
	Actual	Percentage	Request	Percentage
Secure Care	2,688	22.9%	3,311	23.0%
Community Corrections	1,187	10.1%	1,665	11.6%
Intensive Supervision	306	2.6%	430	3.0%
Probation and Parole	7,536	64.3%	8,975	62.4%
Total	11,718	100.0%	14,381	100.0%

Figure 3 provides a side by side comparison of the department's projected population for the 2009 biennium and the population supported by the funding included in the budget request.

Figure 3								
Department of Corrections								
Comparison of Projected Population to Number of Beds Included in Budget Request								
	Projected Population Per Department		Budgeted Population Per Department Calculation Spreadsheet		Difference Projected Less Budgeted		FY 2006 Base Budget Expenditures	2009 Biennium Executive Budget
	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2006	FY 2008 FY 2009
PRISON BEDS								
Montana State Prison - Deer Lodge	1,467	1,467	1,459	1,459	8	8	\$35,535,167	\$39,623,572 \$39,130,587
Average Daily Cost Based upon Projected Population							\$66.73	\$74.00 \$73.08
Montana Women's Prison - Billings	194	194	218	218	(24)	(24)	5,501,978	5,930,923 5,817,315
Average Daily Cost Based upon Projected Population							\$69.15	\$83.76 \$82.15
MWP - BASC Program	20	20	20	20	-	-		included in MWP
MWP - Intensive Challenge Program	20	20	15	15	5	5		included in MWP
Contract Beds	1,566	1,791	1,572	1,797	(6)	(6)	22,668,417	31,988,881 37,637,625
Average Daily Cost Based upon Projected Population								\$55.96 \$57.57
Total Secure Custody	3,267	3,492	3,284	3,509	(17)	(17)	63,705,562	77,543,376 82,585,527
TSCTC Boot Camp (male) - Deer Lodge	60	60	60	60	-	-	1,564,828	1,644,543 1,652,070
Average Daily Cost Based upon Projected Population							\$82.45	\$75.09 \$75.44
Pre-release	1,015	1,069	1,074	1,154	(59)	(85)	14,420,167	19,257,909 21,452,309
Average Daily Cost Based upon Projected Population								\$51.98 \$54.98
Treatment Unit	291	355	494	494	(203)	(139)	4,961,634	15,593,618 15,970,767
Average Daily Cost Based upon Projected Population								\$146.81 \$123.26
Total	4,633	4,976	4,912	5,217	(279)	(241)	84,652,191	\$114,039,446 \$121,660,673
NOTE:								
2008 is leap year - 366 days								
Average daily cost was calculated using projected populations and a 365 day year.								

**LFD
ISSUE****Population Funded in Budget Exceeds Projected Population**

A negative, or bracketed number, means that the population used to calculate the funding included in the budget request exceeds the department's population projection. A positive number means the reverse, the projected population exceeds the budgeted population. The figure illustrates small differences between budgeted and projected population for state institutions. Because institutional costs are largely fixed or incremental in nature, this analysis does not focus on those differences. It is unlikely that those differences are significant enough to result in a change in the budget request. Rather, this analysis focuses on areas where a per diem rate is paid to a provider.

As Figure 3 illustrates, in segments of the budget where a per diem rate is paid to a provider the budgeted population exceeds the offender population the department has projected. This is true in the case of contract, pre-release, and treatment beds. Figure 3 also includes a calculation of the average cost per day for FY 2006, 2008 and 2009. For FY 2008 and 2009 this calculation utilizes the projected population rather than budgeted population and assumes a 365 day year, although 2008 is a leap year making FY 2008 a 366 day year, because department calculations of projected costs utilized a 365 day year.

The number of budgeted days in excess of projected population and the average cost per day are utilized in Figure 4 to arrive at an estimate of the amount the funding requested in the budget exceeds the level of funding needed to house the offenders anticipated per the department's population projection. As illustrated in Figure 4 the inclusion of funding for more beds than is needed to house the projected population results in the inclusion of an estimated \$20 million of funding in FY 2009 beyond the amount needed.

Figure 4 Potential Overstatement of Budget Request Budgeted Beds Greater than Projected Need						
Component	FY 2008			FY 2009		
	Budgeted Beds Exceed Proj. Population	Ave Cost Per Day	Annual Costs	Budgeted Beds Exceed Proj. Population	Ave Cost Per Day	Annual Costs
Contract Beds	6	\$55.96	\$122,552	6	\$57.57	\$126,078
Pre-release	59	\$51.98	1,119,389	85	54.98	1,705,755
Treatment Unit	203	\$146.81	10,877,887	139	123.26	6,253,596
Total			<u>\$11,997,276</u>			<u>\$7,959,351</u>
Biennial Total						<u>\$19,956,627</u>

The legislature may wish to:

- Discuss the rationale for inclusion of more funding in the budget request than is necessary for the projected offender population
- Reduce the budget request for the 2009 biennium so that it reflects funding for the level of population projected

Leap Day

The department utilized a 365 day year in calculating the budgeted level of funding. However, 2008 is a leap year making FY 2008 a 366 day year rather than a 365 day year. The personal services budgeting system accounted for this arriving at personal services costs. The additional day probably has limited impact on state institutions beyond the additional cost of personal services. However, in areas where a per diem rate is paid to a provider, there will be an additional day of payment to be made. Based upon the projected population and average costs per day for contract, prerelease, and treatment beds the estimated costs of an additional day of services is about \$183,000. The legislature may wish to consider whether or not to provide additional funding to the department given that FY 2008 will have 366 days.

Initiatives Not Included in Department Request

While the population projection attempts to estimate the number of offenders that the department will be responsible for in the 2009 biennium, in some cases it does not contemplate specific facilities for this purpose. The population projection included in Figure 1 (earlier in this narrative) contains a line for "unspecified" facility. In the case of prerelease, it is likely that at least a portion of this unspecified population may be housed in the new prerelease center the department proposes for development in northwest Montana and funds in its budget request. However, there are at least two initiatives for additional facilities that are included elsewhere in the executive budget but not mentioned in the department budget: 1) the STEP program; and 2) expansion of the work dorm. The department budget likely assumes

availability of and utilization for these facilities, given that it provides funding adequate to support the projected population but it does not specifically discuss how these facilities fit into the correctional system.

Secure Treatment and Examination Program (STEP)

Funding in the Department of Public Health and Human Services (DPHHS) and long range building proposal is requested to modify facilities and develop a new program within the Xanthopolis Building on the Warm Springs campus. The new program, currently called Secure Treatment and Examination Program (STEP), would house 120 individuals, half of which would be mentally ill offenders under the supervision of the Department of Corrections and half of which would be mentally ill forensic patients under the supervision of DPHHS. The program would be a joint effort of the two agencies, although DPHHS would be in charge of day to day programming and treatment. The contracted correctional program currently housed in this building (WATCH with a projected 106 placements) would be required to move to another facility, currently envisioned as the receiving hospital on the Warm Springs campus.

Further information related to this program is included in the Department of Public Health and Human Services (DPHHS) and long range building program (LRBP) analysis.

Work Dorm

The long range building plan budget proposal includes a request for \$2.5 million to expand the 80 bed work dorm on Montana State Prison grounds by 100 beds. The work dorm is located outside of the double wire fence and houses minimum security inmates that work in the ranch and dairy operations. Additional staff to supervise this expansion were not included in the budget request and the expected date for completion is currently unknown. The legislature may wish to request that the department provide further information regarding this proposal and describe how it fits into the overall plan for offender management.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Admin And Support Services	\$ 32,495,091	\$ 812,462	\$ -	\$ 150,622	\$ 33,458,175	9.56%
02 Community Corrections	105,522,063	1,108,338	-	-	106,630,401	30.48%
03 Secure Custody Facilities	159,928,903	200,000	-	-	160,128,903	45.78%
04 Mont Correctional Enterprises	4,660,443	3,586,321	-	933,536	9,180,300	2.62%
05 Juvenile Corrections	38,261,735	1,701,770	446,752	-	40,410,257	11.55%
Grand Total	<u>\$ 340,868,235</u>	<u>\$ 7,408,891</u>	<u>\$ 446,752</u>	<u>\$ 1,084,158</u>	<u>\$ 349,808,036</u>	100.00%

The department is funded primarily with general fund (97.4 percent). State special revenue, primarily from inmate canteen operations, probation and parole supervisory fees, and payments made on behalf of juveniles for the cost of care, provides 2.1 percent of the department's funding. The remainder comes from federal and proprietary funding sources.

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	1,217.64	7.00	1,224.64	1,225.64	7.00	1,232.64	1,169.64	1,232.64
Personal Services	61,373,499	348,348	61,721,847	61,988,275	349,039	62,337,314	110,868,318	124,059,161
Operating Expenses	100,193,999	3,771,219	103,965,218	104,604,861	2,950,045	107,554,906	121,497,131	211,520,124
Equipment	572,513	0	572,513	473,098	0	473,098	444,604	1,045,611
Benefits & Claims	4,508,563	0	4,508,563	4,508,563	0	4,508,563	12,350,943	9,017,126
Transfers	1,866,299	0	1,866,299	1,866,299	0	1,866,299	1,866,299	3,732,598
Debt Service	216,708	0	216,708	216,708	0	216,708	508,753	433,416
Total Costs	\$168,731,581	\$4,119,567	\$172,851,148	\$173,657,804	\$3,299,084	\$176,956,888	\$247,536,048	\$349,808,036
General Fund	164,283,198	4,041,831	168,325,029	169,316,588	3,226,618	172,543,206	240,621,022	340,868,235
State/Other Special	3,682,938	77,736	3,760,674	3,575,751	72,466	3,648,217	5,092,017	7,408,891
Federal Special	223,376	0	223,376	223,376	0	223,376	867,492	446,752
Proprietary	542,069	0	542,069	542,089	0	542,089	955,517	1,084,158
Total Funds	\$168,731,581	\$4,119,567	\$172,851,148	\$173,657,804	\$3,299,084	\$176,956,888	\$247,536,048	\$349,808,036

2009 biennium funding for the department increases \$102 million (41.3 percent) when compared to 2007 biennium funding, which does not include the \$27 million anticipated supplemental appropriation request of the department. If the supplemental appropriation is included in the 2007 biennium the increase between biennia would be about \$75 million. Increases in funding are primarily related to funding requested to annualize the costs of new programs and expansions implemented during the 2007 biennium and to support an increased number of offenders including community correctional programs and contract secure care beds.

Supplemental

The department anticipates requesting a supplemental appropriation of \$27 million for the 2007 biennium. FY 2006 expenditures exceeded appropriation levels by \$13.0 million. This cost overrun was offset by \$1.5 million of Juvenile Delinquency Intervention Program funding and the remaining \$11.5 million shortfall was offset by movement of biennial appropriation authority for secure care from FY 2007 to FY 2006 and transfer to other programs as necessary. While a portion of this shortfall is related to population, the department's budget projection also list items such as the Juvenile Re-entry Program (\$613,694) as contributors to the need for a supplemental appropriation. Continuation of these costs is included in the 2009 biennium budget.

New Proposals

The “New Proposals” table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 104 - BOPP Administrative Officer										
01	1.00	55,013	0	0	55,013	1.00	55,049	0	0	55,049
DP 106 - BOPP Computer Software and a Scanner OTO										
01	0.00	12,927	0	0	12,927	0.00	12,927	0	0	12,927
DP 107 - BOPP Contract with a Private Attorney										
01	0.00	7,500	0	0	7,500	0.00	7,500	0	0	7,500
DP 110 - Electronic Storage and Workflow										
01	0.00	150,000	0	0	150,000	0.00	150,000	0	0	150,000
DP 111 - Video Conferencing Expansion										
01	0.00	116,136	0	0	116,136	0.00	59,936	0	0	59,936
DP 114 - Collection Technician FTE										
01	2.00	0	77,736	0	77,736	2.00	0	72,466	0	72,466
DP 120 - Interoperable Communication Project - OTO										
01	0.00	2,622,424	0	0	2,622,424	0.00	0	0	0	0
DP 121 - Behavioral Health Facilitator										
01	0.00	79,181	0	0	79,181	0.00	79,181	0	0	79,181
DP 202 - Additional 80 Prerelease Beds - NW Montana										
02	0.00	0	0	0	0	0.00	1,898,000	0	0	1,898,000
DP 501 - Juvenile Re-Entry										
05	2.00	878,348	0	0	878,348	2.00	878,544	0	0	878,544
DP 502 - Riverside School-to-Work Program										
05	2.00	69,896	0	0	69,896	2.00	70,075	0	0	70,075
DP 505 - RYCF Commercial Kitchen OTO										
05	0.00	35,000	0	0	35,000	0.00	0	0	0	0
DP 506 - Educator Entitlement increase										
05	0.00	15,406	0	0	15,406	0.00	15,406	0	0	15,406
Total	7.00	\$4,041,831	\$77,736	\$0	\$4,119,567	7.00	\$3,226,618	\$72,466	\$0	\$3,299,084

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	99.50	5.00	3.00	107.50	5.00	3.00	107.50	107.50
Personal Services	5,324,342	601,285	195,037	6,120,664	623,398	195,353	6,143,093	12,263,757
Operating Expenses	7,234,561	2,203,894	2,925,880	12,364,335	1,353,816	241,706	8,830,083	21,194,418
Total Costs	\$12,558,903	\$2,805,179	\$3,120,917	\$18,484,999	\$1,977,214	\$437,059	\$14,973,176	\$33,458,175
General Fund	12,261,014	2,642,763	3,043,181	17,946,958	1,922,526	364,593	14,548,133	32,495,091
State/Other Special	244,640	140,084	77,736	462,460	32,896	72,466	350,002	812,462
Federal Special	0	0	0	0	0	0	0	0
Proprietary	53,249	22,332	0	75,581	21,792	0	75,041	150,622
Total Funds	\$12,558,903	\$2,805,179	\$3,120,917	\$18,484,999	\$1,977,214	\$437,059	\$14,973,176	\$33,458,175

Program Description

The Administration and Support Services Program includes the Director's Office, Health Planning and Information Services Division, Human Resources Division, Administrative and Financial Services Division, and the administratively attached Board of Pardons. This program provides services to the department, other entities, and the public. Functions performed by this program include provision of public and victim information, management of human resources and information technology, legal analysis and information, research and statistics, medical services management, and general accounting and budgeting services including contract management.

Program Highlights

Administration and Support Services Program	
Major Budget Highlights	
♦	2009 biennium funding is \$8.3 million or 33.2 percent greater than double the FY 2006 base budget; general fund increases about \$8.0 million (32.5 percent) and state special revenue about \$0.3 million (66.1 percent)
♦	General fund increases due to requests for: <ul style="list-style-type: none"> • \$4.7 million, including 4.00 FTE for technology projects such as interoperable communications, electronic storage and workflow applications, a fiber plant upgrade at Montana State Prison, staff scheduling software, and inmate banking and commissary software • \$1.3 million for statewide present law adjustments including personal services and fixed costs such as data network connection fees • \$0.9 million increased rental costs for the central office • \$0.6 million for inflation on outside medical care, a behavioral health specialist, and an additional 1.00 FTE
Major LFD Issues	
♦	Medical inflation is requested at the rate of 6.22 percent per year but the funding requested is not consistent with this percentage increase

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table Admin And Support Service						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 12,261,014	97.6%	\$ 17,946,958	97.1%	\$ 14,548,133	97.2%
01100 General Fund	12,261,014	97.6%	17,946,958	97.1%	14,548,133	97.2%
02000 Total State Special Funds	244,640	1.9%	462,460	2.5%	350,002	2.3%
02689 Offender Restitution	241,589	1.9%	457,247	2.5%	344,723	2.3%
02917 Msp Canteen Revolving Acct	937	0.0%	5,213	0.0%	5,279	0.0%
02927 Phs Donations/I & I	2,114	0.0%	-	-	-	-
06000 Total Proprietary Funds	53,249	0.4%	75,581	0.4%	75,041	0.5%
06033 Prison Ranch	38,238	0.3%	23,156	0.1%	23,208	0.2%
06034 Msp Institutional Industries	9,456	0.1%	19,957	0.1%	19,658	0.1%
06545 Prison Indust. Training Prog	5,555	0.0%	11,377	0.1%	11,240	0.1%
06573 Msp - Cook Chill	-	-	21,091	0.1%	20,935	0.1%
Grand Total	\$ 12,558,903	100.0%	\$ 18,484,999	100.0%	\$ 14,973,176	100.0%

The Administrative and Support Services Program receives about 97 percent of its funding from the general fund. State special revenue primarily, from offender restitution, provides slightly more than 2 percent of the division's funding. The remainder of the program's funding is from proprietary funds for Montana Correctional Enterprises, such as the prison ranch.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				471,442					494,004
Vacancy Savings				(231,833)					(232,739)
Inflation/Deflation				24,015					26,166
Fixed Costs				523,880					472,999
Total Statewide Present Law Adjustments				\$787,504					\$760,430
DP 101 - BOPP Board Member Per Diem									
0.00	40,425	0	0	40,425	0.00	40,425	0	0	40,425
DP 105 - BOPP ACA Reaccreditation									
0.00	3,000	0	0	3,000	0.00	3,000	0	0	3,000
DP 112 - Rent Adjustment for Helena Office Space									
0.00	474,220	0	0	474,220	0.00	474,220	0	0	474,220
DP 113 - 1.00 FTE for Managed Care Professional - RN									
1.00	56,546	0	0	56,546	1.00	53,925	0	0	53,925
DP 115 - IT Staff Addition									
4.00	281,080	0	0	281,080	4.00	270,283	0	0	270,283
DP 116 - Correctional Staff Scheduling Software - OTO									
0.00	247,000	0	0	247,000	0.00	27,800	0	0	27,800
DP 117 - Commissary, Inmate Banking, Rest. Software OTO									
0.00	125,000	125,000	0	250,000	0.00	17,500	17,500	0	35,000
DP 118 - MSP fiber plant upgrade OTO									
0.00	350,000	0	0	350,000	0.00	26,750	0	0	26,750
DP 119 - IT Service Upgrades									
0.00	170,000	0	0	170,000	0.00	130,000	0	0	130,000
DP 130 - CPI Inflationary Increase for Medical									
0.00	145,404	0	0	145,404	0.00	155,381	0	0	155,381
Total Other Present Law Adjustments									
5.00	\$1,892,675	\$125,000	\$0	\$2,017,675	5.00	\$1,199,284	\$17,500	\$0	\$1,216,784
Grand Total All Present Law Adjustments				\$2,805,179					\$1,977,214

**LFD
COMMENT**

Statewide present law adjustments for fixed costs increase primarily due to increases in Department of Administration charges for data network connection fees.

DP 101 - BOPP Board Member Per Diem – This decision package requests \$80,850 general fund for the biennium for Montana Board of Pardons and Parole members' compensation. The estimated costs are based upon payment of per diem to seven board members for 77 days per year at \$75 per day.

**LFD
COMMENT**

This decision package proposes increasing the daily per diem rate for members of the Board of Pardons and Parole from \$50 per day to \$75 per day. Section 2-15-2302, MCA provides that the board is designated as a quasi-judicial board, except board members must be compensated as provided by legislative appropriations.

DP 105 - BOPP ACA Reaccreditation - This decision package requests \$6,000 general fund for the biennium to continue funding of the American Corrections Association (ACA) accreditation fee.

DP 112 - Rent Adjustment for Helena Office Space - This decision package requests \$948,440 general fund for the biennium for increased rent for the central office in Helena.

**LFD
ISSUE**

Rental Costs May Exceed Funding

Figure 5 illustrates the current costs of office rental for the department's central office compared to the amount expended in the base budget year and the projected cost of leasing different space. The department request anticipates cost of the new office space at \$20 per square foot for 35,000 square feet or about \$700,000 per year. However, in a legislative staff discussion with Department of Administration (DoA) staff it was indicated that the cost of space may be as high as \$25 per square foot, DoA may issue a request for proposal and seek a contractor willing to build space to DoA specifications, and the state owned building that currently houses a portion of the Department of Corrections (the "old institutions building") has reached the end of its useful life. In the event that the higher rate of \$25 per square foot is realized the annual costs of rent for the department would rise to about \$141,000 for the biennium more than the level of funding requested. The legislature may wish to ask the department for an update on the status and costs of the proposed new office space.

Figure 5 Summary of Rent Costs Administration and Support Services Program					
Type	FY 2006	FY 2008	FY 2009	2009 Biennium	Request Less Projected Costs
Department of Administration	\$184,554	\$228,393	\$239,959	\$468,352	
Non Depart. Of Administration	96,214	570,434	570,434	1,140,868	
Total	<u>\$280,768</u>	<u>\$798,827</u>	<u>\$810,393</u>	<u>\$1,609,220</u>	
Projected Costs					
"@ \$20 per sq foot/35,000 sq. ft.		\$700,000	\$700,000	\$1,400,000	\$209,220
"@ \$25 per sq foot/35,000 sq. ft.		875,000	875,000	1,750,000	(140,780)

DP 113 - 1.00 FTE for Managed Care Professional - RN - This decision package requests \$110,471 general fund for the biennium to support 1.00 FTE Managed Care Registered Nurse professional. The duties of this position would include oversight and liaison for various contracts with community medical providers and the third party administrator who processes medical billing on behalf of the department.

DP 115 - IT Staff Addition - This decision package requests \$551,363 general fund for the biennium to support an additional 4.00 FTE information technology support staff. The department indicates this staff would support desktop application, project management, and security operations.

The following information is provided so that the legislature can consider various performance management principles

when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The Department of Corrections does not have a sufficient IT staff to support the size and critical IT needs of the agency.

Goals: To provide adequate desktop application, project management and ensure appropriate security operations.

Performance measures: When information requests can be fulfilled, industry standards met, recommendations by legislative audits completed and outcome measures of all programs evaluated and criteria developed.

Milestones: Continued activity.

FTE - Who will do the work? The 4.0 FTE requested.

Funding: General funded appropriation.

Obstacles: Challenges include keeping up with the increase number of attacks against computer systems, the increased need to be vigilant with the privacy of information, and the reliance on our systems.

Risks: If the proposal is not adopted risk include: department does not have a security/privacy/disaster recovery officer, so with the increase number of attacks against computer systems, the increased need to be vigilant with the privacy of information, and the reliance on our systems makes it very difficult to keep up with all the demands. If the system fails or statistical information can not be provided, continued appropriations for each of the departments programs could be at risk.

LFD ISSUE

Completeness of Information

The information provided by the department for this decision package does not provide:

- Specific information relating the addition of staff to projects that will be achieved
- The desired outcome of the project
- The time frame for achieving these projects
- Specific performance measures to determine whether or not the project achieved the desired outcome or results

The legislature may wish to ask the department what specific projects these positions will be assigned, what the target date for completion of each project is, what the desired outcome of each project is, and how the department will determine whether or not that outcome was achieved.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

DP 116 - Correctional Staff Scheduling Software - OTO - This decision package requests \$274,800 general fund for the biennium with \$219,200 of this amount as a one-time-only, restricted appropriation to support an enterprise-wide staff scheduling system. Such software would be used by the department's facilities to schedule officers, fill posts when there are vacancies, and track the time each officer has worked.

DP 117 - Commissary, Inmate Banking, Rest. Software OTO - This decision package requests \$285,000 total funds (\$142,500 general fund and \$142,500 state special revenue) to replace the existing commissary/inmate banking system and offender restitution tracking software, and make upgrades to the department's AS/400. \$250,000 of this funding is requested as a one time only, restricted appropriation.

DP 118 - MSP fiber plant upgrade OTO - This decision package requests \$376,750 general fund for the biennium to replace the existing fiber plant at Montana State Prison (MSP). The department indicates that the fiber plant is obsolete

and incapable of meeting the needs of the department and that existing switches, which are out of warranty, may be out of manufacture by the first or second quarter 2007. \$323,250 of this funding is requested as a one time only, restricted appropriation.

DP 119 - IT Service Upgrades - This decision package requests \$300,000 general fund for the biennium for hardware, software, and licenses to upgrade existing systems. This request includes funding for the purchase of two additional servers for the deployment of Citrix, additional user licenses for Citrix, three servers for upgrades to existing Oracle servers, an upgrade to the existing blade enclosure, additional equipment on the department's storage area network and replacement of the training lab consisting of 24 work stations (12 fixed and 12 portable).

DP 130 - CPI Inflationary Increase for Medical - This decision package requests \$300,785 general fund for the biennium to support an inflationary increase of 6.22 percent per year in outside inmate medical expenses.

**LFD
ISSUE**
Funding Not Adequate to Support Increase

The base budget for outside medical costs is \$3.4 million. A 6.22 percent increase per year of base budget expenditures equates to \$210,760 in FY 2008 and \$224,931 in FY 2009, or \$436,691 for the biennium. Thus, the funding requested in this decision package does not appear adequate to fund the rate of inflationary increase anticipated by the department. Furthermore, this request does not appear to contemplate increases in outside medical costs that may result due to the increased population and new programs and facilities that are planned. The legislature may wish to request that the department:

- Provide information supporting the requested inflationary increase of 6.22 percent
- Provide estimates of the potential impact of increased population and new programs and facilities upon the costs of outside medical care

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 104 - BOPP Administrative Officer										
01	1.00	55,013	0	0	55,013	1.00	55,049	0	0	55,049
DP 106 - BOPP Computer Software and a Scanner OTO										
01	0.00	12,927	0	0	12,927	0.00	12,927	0	0	12,927
DP 107 - BOPP Contract with a Private Attorney										
01	0.00	7,500	0	0	7,500	0.00	7,500	0	0	7,500
DP 110 - Electronic Storage and Workflow										
01	0.00	150,000	0	0	150,000	0.00	150,000	0	0	150,000
DP 111 - Video Conferencing Expansion										
01	0.00	116,136	0	0	116,136	0.00	59,936	0	0	59,936
DP 114 - Collection Technician FTE										
01	2.00	0	77,736	0	77,736	2.00	0	72,466	0	72,466
DP 120 - Interoperable Communication Project - OTO										
01	0.00	2,622,424	0	0	2,622,424	0.00	0	0	0	0
DP 121 - Behavioral Health Facilitator										
01	0.00	79,181	0	0	79,181	0.00	79,181	0	0	79,181
Total	3.00	\$3,043,181	\$77,736	\$0	\$3,120,917	3.00	\$364,593	\$72,466	\$0	\$437,059

DP 104 - BOPP Administrative Officer - This decision package requests \$110,062 general fund for the biennium to support an additional 1.00 FTE administrative officer for the Board of Pardon and Parole. Additional staff is requested due to increased caseload.

DP 106 - BOPP Computer Software and a Scanner OTO - This decision package requests \$25,854 general fund for the biennium in a one-time-only appropriation for: 1) a system that utilizes electronic forms and documents; and 2) an application to search and retrieve forms to allow board members to remotely access files and eliminate the need for staff to compile and distribute forms and reports.

DP 107 - BOPP Contract with a Private Attorney - This decision package requests \$15,000 general fund for the biennium for the Board of Pardons and Parole to contract with an attorney for an estimated 75 hours per year as allowed by 46-23-105, MCA. This funding would allow the board to have access to an attorney not employed by the Department of Corrections or Attorney General's Office to advise and represent the board.

DP 110 - Electronic Storage and Workflow - This decision package requests \$300,000 general fund for the biennium for a system that allows the offender record to be scanned and available for immediate access from any work location. This request includes funding for storage fees, assistance in setting up policies for storage and retention of the records, the purchase of scanners, and purchase of licenses to utilize FileNet.

**LFD
COMMENT**

The information provided by the department did not clearly indicate what benefits, costs savings, or efficiencies might be expected as the result of storing records via imaging rather than paper.

DP 111 - Video Conferencing Expansion - This decision package requests \$176,072 general fund for the biennium to support additional video conferencing capability. The increased capability would be used for:

- Court appearances
- Visitation, including for offenders in maximum security so that these offenders would not require escort to visitation areas, which requires two officers
- Expansion of video conferencing at the six regional probation and parole offices
- Installation of hardened video conferencing in MSP maximum security areas
- Analysis of requirements for a video visitation system at institutions

\$54,000 of this funding is requested as a one time only appropriation.

**LFD
COMMENT**

Implementation of increased use of video conferencing would likely reduce other costs. However, the department has not provided information or data to indicate the impact of this proposal on costs.

DP 114 - Collection Technician FTE - This decision package requests \$150,202 state special revenue for the biennium to support 2.00 FTE collection technicians to collect restitution and supervision fees owed by offenders. The department estimates the addition of these FTE will increase collections.

DP 120 - Interoperable Communication Project - OTO - This decision package requests \$2,622,424 general fund as a one-time-only, biennial appropriation to replace the existing radios and communications infrastructure throughout the department and its institutions.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Changes in this industry have necessitated this request to replace the existing radios and communications infrastructure throughout the department. Rational for the Montana Statewide Interoperability Plan is to: a) replace non-interoperable two-way radio communication systems with an interoperable system capable to handing communication among federals, state and local governments, and the military complying with the nation's standards baseline, improving public safety response and safety; b) replace existing equipment that is obsolete; c) incorporate new federal regulations calling for narrow band spectrum systems. d) maintain a radio system capable of supporting day-to-day operations of the participating agencies while also seamlessly able to handle emergency situations reliably and efficiently and enhancing safety of responders and the public through interoperability and predefined emergency communications planning and implementation.

Goals: Upgrade current radio frequencies to the new digital trunked system throughout the department. This upgrade will allow consistent method of communication infrastructure in the department, law enforcement and emergency responders.

Performance measures: The department belongs to the Tri-county Interoperable Consortium which documents and tracks the progress of this project.

Milestones: The project will be complete when the entire agency is upgraded into the statewide trunked system.

FTE: Who will do the work? N/A

Funding: Requesting one-time-only general funding for the equipment. Homeland security and DES grants are not available to the department.

Obstacles: Challenges include working with the needs assessment phase to ensure all stakeholders and equipment have been identified according to the 3 phases. Phase I is the Assessment and Planning Phase. Phase II is the Implementation Phase.

Risks: Risks if the proposal is not adopted are that portions of emergency responders would not meet new federal regulations calling for narrow band spectrum systems. Also, Montana State Prison Transportation currently transports inmates throughout the state with little or no communication with other agencies. Cell phones are the primary method of communication and sometimes service is not always available. Therefore radio communication is a very important requirement. Consistent upgraded communication equipment and methods would allow a statewide infrastructure for emergency assistance.

**LFD
ISSUE****Completeness of Information**

The justification and goals provided by the department do not provide a clear rationale for why this project or upgrade is necessary. Additionally, the information provided does not include specific tasks to be completed, the timeframe for completion, who will actually perform the work, or how the department will determine whether or not the project achieved the desired outcomes or results.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

DP 121 - Behavioral Health Facilitator - This decision package requests \$158,362 general fund for the biennium to support a position that would be employed by the Department of Public Health and Human Services (DPHHS) and funded by the Department of Corrections. This position would be co-supervised by the administrator of the Addictive and Mental Disorders Division at DPHHS and the administrator of the Health, Planning and Information Services Division with the goal of improvement in the way state agencies function together on behalf of individuals with serious mental illnesses and/or chemical dependency, and to facilitate system changes that would enhance the recovery of these individuals.

**LFD
COMMENT**

An individual was hired to fill this position in April of 2006. However, because the position was hired late in the base year, expenditures included in the base budget are limited. Additionally, because this position is an employee of DPHHS, it was not included in the personal services budget of DOC.

Information in the Department of Public Health and Human Services, Addictive and Mental Disorders Division regarding this new proposal may be found in the Legislative Budget Analysis, Volume 4.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The goal of creating this position is to improve the way state agencies function together on behalf of individuals with serious mental illnesses and/or chemical dependency, and to facilitate system changes that will enhance the recovery of these individuals.

Goals: Same as #1 to continue providing reduced recidivism rates.

Performance measures: Performance will be measured via statistics regarding recidivism as well as monitoring the behavior of serious mental health offenders while incarcerated

Milestones: Key activities will be completed when serious mental health offenders are living productive lives supported by community mental health services.

FTE: Who will do the work? Behavior Health Specialist

Funding: FTE was provided by DPHHS. However, all funding is provided by DOC.

Obstacles: Challenges include ensuring all state and community stakeholders understand the coordination of services for the serious mentally ill offenders.

Risks: If the proposal is not adopted risk include that serious mentally ill offenders may not receive specialized treatment which could enhance the recovery of these individuals.

LFD ISSUE	Completeness of Information
	The information provided by the department does not provide specific information regarding how the department envisions this position impacting the two systems, the changes the department would like to see as a result, or how much impact is expected or desired on recidivism rates.
	Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	225.00	29.00	0.00	254.00	37.00	0.00	262.00	262.00
Personal Services	10,756,980	1,847,104	0	12,604,084	2,254,276	0	13,011,256	25,615,340
Operating Expenses	22,638,530	16,591,037	0	39,229,567	17,248,964	1,898,000	41,785,494	81,015,061
Total Costs	\$33,395,510	\$18,438,141	\$0	\$51,833,651	\$19,503,240	\$1,898,000	\$54,796,750	\$106,630,401
General Fund	33,008,638	18,270,844	0	51,279,482	19,335,943	1,898,000	54,242,581	105,522,063
State/Other Special	386,872	167,297	0	554,169	167,297	0	554,169	1,108,338
Total Funds	\$33,395,510	\$18,438,141	\$0	\$51,833,651	\$19,503,240	\$1,898,000	\$54,796,750	\$106,630,401

Program Description

The Community Corrections Division includes adult probation and parole, male and female community corrections programs, including the Treasure State Correctional Boot Camp, and contracted services such as pre-release centers, a DUI treatment facility, methamphetamine treatment facilities (spring 2007) and programs to divert offenders from prison. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman and Helena for prerelease services.

Program Highlights

Community Corrections Program Major Budget Highlights	
<ul style="list-style-type: none"> ◆ 2009 biennium funding for community corrections increases \$39.8 million (59.6 percent) when compared to the FY 2006 base budget doubled, including a general fund increase of \$39.5 million (59.8 percent) and a state special revenue increase of \$334,594 (43.2 percent). General fund increases to support: <ul style="list-style-type: none"> • Additional beds and new programs implemented or to be implemented in the 2007 biennium, \$29.6 million • Funding for 29.00 FTE in FY 2008 and 37.00 FTE in FY 2009 for probation and parole officers, \$4.0 million • Provider rate increases, \$2.0 million • The addition of 80 pre-release beds in FY 2009, \$1.9 million ◆ State special revenue increases: <ul style="list-style-type: none"> • \$334,594 due to increases in projected collections of supervisory fees, a portion of which supports 1.00 FTE clerical support for probation and parole officers 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The 2009 biennium budget request includes funding for beds in excess of the projected population ◆ The requested provider rate increase is overstated by about \$889,000 general fund due to a formula error that resulted in the doubling of one portion of the increase 	

Program Narrative

Summary and Comparison to 2005 Legislative Action

In general, the program expansions included in the executive budget are consistent with the philosophical preference for community based services and non expansion of secure care beds supported by actions of the 2005 Legislature. During the 2005 session the legislature directed the department to pursue community alternatives rather than the expansion of secure custody beds, particularly beds operated by private prisons. The 2005 Legislature provided:

- \$9.0 million for the biennium for expansion of pre-release beds
- \$1.4 million to support 19.00 FTE additional probation and parole officers
- \$5.5 million and 55.64 FTE to fund a revocation center in the old reception unit at Montana State Prison

The 2009 biennium budget includes:

- \$9.1 million to annualize the costs of increased pre-release beds that have an estimated annual cost of \$16.7 million
- \$4.0 million to support additional increases in probation and parole staffing above the 2007 biennium level
- \$2.5 million to annualize the costs of the START program, which was developed instead of converting the old reception unit to a revocation center. The 2009 biennium cost of this 88 bed program is estimated to be about \$4.3 million
- \$10.6 million to annualize the costs of methamphetamine treatment beds that are scheduled to become operational in the spring of 2007, and have no cost included in the base budget
- \$2.7 million to annualize the costs of 50 more chemical dependency treatment beds that have no costs included in the base budget
- \$4.8 million to annualize the costs of other increases in community corrections and treatment beds that have an estimated annual costs of \$8.2 million (\$16.4 million for the biennium)

While the general philosophy of the 2005 Legislature seems to be embodied in the department's action, the scope of the expansion is beyond that funded and anticipated by the legislature.

Population Estimates

Figure 1, included in the agency discussion portion of this analysis, summarizes department estimates of population growth for FY 2007 through 2009 and historical population growth. While this figure is based upon department information it is sorted for the purposes of this analysis in a manner different than the population projection spreadsheet published by the department. Additionally, the reader will note several lines titled unspecified location, meaning that the department is estimating a number of offenders that varies from the bed capacity of existing facilities (contracted and state operated). If the number shown is negative (in brackets) then there are more beds in the system than estimated offenders. If the number shown is positive, then there are more anticipated offenders than bed capacity within the system.

Male Community

The number of male community placements (not including probation and parole) has and are expected to increase dramatically between FY 2000 and FY 2009, from 447 in FY 2000 to an estimated 1,302 in FY 2009. This increase appears to be consistent with legislative action during the 2005 session which emphasized the creation of community alternatives in preference to secure care and/or private prison beds. The department estimates annual growth rates of 13.1, 7.2, and 10.0 percent for FY 2007, 2008 and 2009, respectively. Given the recent growth in male community placements, the department's estimated population for the next biennium appears that it may be somewhat understated.

Female Community

Female community placements have grown from year to year at rates ranging from 4.9 percent to 22.1 percent, with the low growth rate of 4.9 percent occurring recently, in FY 2005. The department projects future growth rates of 53.4, 12.0 and zero percent for FY 2007 through 2009, respectively. This may be partially related to the growth in pre-release beds (unspecified, pre-release) which is included in this table with male community corrections because the department's population projection did not segregate the growth between male and female population. It seems unlikely that there will be zero growth in female community placements between FY 2008 and 2009 unless the system lacks capacity and

additional capacity is not planned. The legislature may wish to request that the department re-evaluate its estimate of zero growth in female offenders in community placement.

Intensive Supervision and Probation and Parole

The department anticipates an increase of 12.0 percent per year in cases receiving intensive supervision and 6.0 percent per year in probation and parole cases between FY 2007 and 2009, rates greater than these caseloads have historically grown. The percentage of offenders under probation and parole supervision (including intensive supervision) decreases slightly from 66.9 percent in FY 2006 to an estimated 65.4 percent in FY 2009. This is likely related to the growth in the number and percentage of offenders in other community placement options.

Combined Community Corrections

The number of offenders projected to be in community placements or under the supervision of community corrections grows from 9,029 in FY 2006 to a projected 11,070 in FY 2009. However, the percentage of total offenders under the supervision of community corrections remains constant at 77 percent when FY 2006 and 2009 are compared. The percentage of offenders under community corrections supervision has increased when compared to the 75.7 percent under the supervision of community corrections in FY 2000. The department has stated that its goal is to have 80 percent of offenders under the supervision of community corrections. The 2009 biennium budget as proposed does not appear to move toward that goal on a percentage basis although there is growth in the number and type of community corrections alternatives available.

LFD ISSUE

Beds Funded Exceeds Estimated Population

As illustrated in Figures 3 and 4, included in the agency summary portion of this analysis, a comparison of the department's population projection and the number of beds supported by funding included in the executive budget illustrates that bed capacity in excess of the anticipated offender population is funded. This occurs primarily in pre-release and treatment unit options. In pre-release 59 and 85 more beds are funded for FY 2008 and 2009, respectively, and in treatment 203 and 139 more beds are funded in FY 2008 and 2009, respectively, than are supported by the population estimates. It is estimated that funding for beds in excess of the estimated population adds about \$19.7 million to the community corrections budget request (\$2.8 million in pre-release and \$17.2 million in treatment alternatives).

Discussion of the population estimates and funding of beds in excess of the estimated population are also discussed in the agency narrative section of this analysis.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table						
Community Corrections						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 33,008,638	98.8%	\$ 51,279,482	98.9%	\$ 54,242,581	99.0%
01100 General Fund	33,008,638	98.8%	51,279,482	98.9%	54,242,581	99.0%
02000 Total State Special Funds	386,872	1.2%	554,169	1.1%	554,169	1.0%
02261 P & P Supervisory Fee	386,872	1.2%	554,169	1.1%	554,169	1.0%
Grand Total	<u>\$ 33,395,510</u>	<u>100.0%</u>	<u>\$ 51,833,651</u>	<u>100.0%</u>	<u>\$ 54,796,750</u>	<u>100.0%</u>

Community correctional programs are funded from the general fund with a small amount of state special revenue from probation and parole supervisory fees.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,032,902					1,086,286
Vacancy Savings					(471,601)					(473,726)
Inflation/Deflation					189,907					200,593
Fixed Costs					(502)					(502)
Total Statewide Present Law Adjustments					\$750,706					\$812,651
DP 201 - Annualize Prerelease Beds	0.00	4,541,342	0	0	4,541,342	0.00	4,541,342	0	0	4,541,342
DP 203 - Annualize 120 Meth Treatment Beds	0.00	5,306,512	0	0	5,306,512	0.00	5,306,512	0	0	5,306,512
DP 204 - Annualize 50 Additional Treatment Beds	0.00	1,334,509	0	0	1,334,509	0.00	1,334,509	0	0	1,334,509
DP 205 - P & P Chemical Dependency Counselor Contracts	0.00	546,520	0	0	546,520	0.00	546,520	0	0	546,520
DP 206 - Annualize START Beds	0.00	1,231,015	0	0	1,231,015	0.00	1,231,015	0	0	1,231,015
DP 207 - Annualize Connections/WATCH/BASC beds	0.00	2,382,684	0	0	2,382,684	0.00	2,382,684	0	0	2,382,684
DP 209 - Additional Probation and Parole FTE	28.00	1,445,769	0	0	1,445,769	36.00	1,778,217	0	0	1,778,217
DP 210 - P&P Administrative Staff/Add Sup. Fee Auth.	1.00	31,247	167,297	0	198,544	1.00	28,495	167,297	0	195,792
DP 214 - Treasure State Correctional Training Center OT	0.00	27,082	0	0	27,082	0.00	27,082	0	0	27,082
DP 215 - Provider Rate Increase	0.00	673,458	0	0	673,458	0.00	1,346,916	0	0	1,346,916
Total Other Present Law Adjustments										
	29.00	\$17,520,138	\$167,297	\$0	\$17,687,435	37.00	\$18,523,292	\$167,297	\$0	\$18,690,589
Grand Total All Present Law Adjustments					\$18,438,141					\$19,503,240

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 202 - Additional 80 Prerelease Beds - NW Montana										
02	0.00	0	0	0	0	0.00	1,898,000	0	0	1,898,000
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$1,898,000	\$0	\$0	\$1,898,000

The decision packages listed above are described in the various subprograms which follow.

Sub-Program Details**COMMUNITY CORRECTION ADMIN 01**

This subprogram includes supervisory and management staff.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	13.50	0.00	0.00	13.50	0.00	0.00	13.50	13.50
Personal Services	646,951	32,752	0	679,703	33,782	0	680,733	1,360,436
Operating Expenses	127,493	3,039	0	130,532	3,207	0	130,700	261,232
Total Costs	\$774,444	\$35,791	\$0	\$810,235	\$36,989	\$0	\$811,433	\$1,621,668
General Fund	751,492	35,791	0	787,283	36,989	0	788,481	1,575,764
State/Other Special	22,952	0	0	22,952	0	0	22,952	45,904
Total Funds	\$774,444	\$35,791	\$0	\$810,235	\$36,989	\$0	\$811,433	\$1,621,668

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				61,073					62,146
Vacancy Savings				(28,321)					(28,364)
Inflation/Deflation				3,039					3,207
Total Statewide Present Law Adjustments				\$35,791					\$36,989
Grand Total All Present Law Adjustments				\$35,791					\$36,989

Sub-Program Details**TREASURE STATE CORRECTIONAL TRAINI 02**

Treasure State Correctional Training Center (TSCTC) is more commonly known as the boot camp. This program is located in the Deer Lodge area near Montana State Prison. The department estimates that the boot camp will operate at its current capacity of 60 offenders during the 2009 biennium.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	26.50	0.00	0.00	26.50	0.00	0.00	26.50	26.50
Personal Services	1,182,170	71,840	0	1,254,010	78,338	0	1,260,508	2,514,518
Operating Expenses	382,658	7,875	0	390,533	8,904	0	391,562	782,095
Total Costs	\$1,564,828	\$79,715	\$0	\$1,644,543	\$87,242	\$0	\$1,652,070	\$3,296,613
General Fund	1,564,828	79,715	0	1,644,543	87,242	0	1,652,070	3,296,613
Total Funds	\$1,564,828	\$79,715	\$0	\$1,644,543	\$87,242	\$0	\$1,652,070	\$3,296,613

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				95,879					102,648
Vacancy Savings				(51,121)					(51,392)
Inflation/Deflation				7,950					8,979
Fixed Costs				(75)					(75)
Total Statewide Present Law Adjustments				\$52,633					\$60,160
DP 214 - Treasure State Correctional Training Center OT									
0.00	27,082	0	0	27,082	0.00	27,082	0	0	27,082
Total Other Present Law Adjustments									
0.00	\$27,082	\$0	\$0	\$27,082	0.00	\$27,082	\$0	\$0	\$27,082
Grand Total All Present Law Adjustments				\$79,715					\$87,242

DP 214 - Treasure State Correctional Training Center OT – This decision package requests \$54,164 general fund for the biennium for overtime costs at the Treasure State Correctional Training Center. Overtime costs are removed from the base budget.

**LFD
COMMENT**

The amount of funding requested in this decision package is consistent with the amount expended in FY 2006 for overtime and holidays worked.

Sub-Program Details**PRE-RELEASE 03**

This subprogram represents the costs of prerelease centers that are operated by contractors.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
Operating Expenses	14,420,167	4,837,742	0	19,257,909	5,134,142	1,898,000	21,452,309	40,710,218
Total Costs	\$14,420,167	\$4,837,742	\$0	\$19,257,909	\$5,134,142	\$1,898,000	\$21,452,309	\$40,710,218
General Fund	14,420,167	4,837,742	0	19,257,909	5,134,142	1,898,000	21,452,309	40,710,218
Total Funds	\$14,420,167	\$4,837,742	\$0	\$19,257,909	\$5,134,142	\$1,898,000	\$21,452,309	\$40,710,218

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Annualize Prerelease Beds	0.00	4,541,342	0	0	4,541,342	0.00	4,541,342	0	0	4,541,342
DP 215 - Provider Rate Increase	0.00	296,400	0	0	296,400	0.00	592,800	0	0	592,800
Total Other Present Law Adjustments	0.00	\$4,837,742	\$0	\$0	\$4,837,742	0.00	\$5,134,142	\$0	\$0	\$5,134,142
Grand Total All Present Law Adjustments					\$4,837,742					\$5,134,142

DP 201 - Annualize Prerelease Beds - This decision package requests \$9.1 million general fund for the biennium to annualize the cost of increases in contracted prerelease that occurred during the base year. The department projects the annualized costs of existing prerelease beds is \$16.7 million and that the base budget included about \$12.2 million of prerelease bed costs. Funding for 80 additional beds for FY 2009 is included in a separate decision package.

**LFD
ISSUE****Beds Funded Exceeds Population Estimates**

The level of funding requested is higher than the level of population estimated by the department. The legislature may wish to reduce the appropriation by \$1,119,389 in FY 2008 and \$1,705,755 in FY 2009.

DP 215 - Provider Rate Increase - This decision package requests about \$2.0 million general fund for the biennium to fund provider rate increases of up to 2 percent per year for prerelease providers.

**LFD
ISSUE****Provider Rate Increase Overstated**

The amount of the provider rate increase included by the department is overstated by \$296,399 in FY 2008 and \$592,799 in FY 2009. This occurred due to a formula error that resulted in the inclusion of a portion of the calculated funding twice. Additionally, the proposed provider rate increase included in the budget request does not include funding for increases for new facilities and programs, such as the methamphetamine treatment facilities that become operational during FY 2007.

Option:

The legislature may wish to reduce the funding in this decision package by the amount the estimated costs of a provider rate increase is overstated.

Provider rate increases are not considered a present law adjustment. This should have been included in the budget request as a new proposal.

New Proposals

New Proposals										
Sub Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 202 - Additional 80 Prerelease Beds - NW Montana 03	0.00	0	0	0	0	0.00	1,898,000	0	0	1,898,000
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$1,898,000	\$0	\$0	\$1,898,000

DP 202 - Additional 80 Prerelease Beds - NW Montana - This decision package requests about \$1.9 million general fund in the second year of the biennium to fund 80 additional prerelease beds that the department would like to locate in northwestern Montana, which does not currently have a prerelease center.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Presently, the Kalispell region has over 1,300 felony offenders under supervision representing nearly 20 percent of all offenders under probation and parole supervision. Without prerelease services it is difficult to divert offenders from prison or offer appropriate services for offenders to return to their local community.

Goals: To provide additional community corrections options to obtain 80 percent of DOC offenders in community placements and 20 percent in secure facilities

Performance measures: Progress will be measured through the population management plan and recidivism statistics.

Milestones: Key activities will be completed upon opening of a new prerelease center in northwestern Montana.

FTE: A contracted not-for-profit company.

Funding: Daily per diem rate paid through a contract with DOC.

Obstacles: The sighting of the facility is usually the most challenging.

Risks: If the proposal is not adopted, additional community correction options are not available in this area of Montana and inmates eligible for placement in that area would need to wait for a bed in another prerelease center. Length of stay in secure facilities could increase.

**LFD
ISSUE****Completeness of Information**

The information provided by the department does not indicate what benchmarks will be used to determine the performance of this program such as what specific change is desired in the population management plan or recidivism rate and whether those changes are applicable to the general population or only offenders from the northwestern portion of the state. Additionally, the information provided does not indicate what key activities must occur or the time frame they must occur within so that 80 beds are occupied by the beginning of FY 2009 (as requested).

Please refer to the agency narrative for discussion of goals and objectives and information requested for selected budget proposals.

Sub-Program Details**PROBATION AND PAROLE 04**

This subprogram includes costs associated with probation and parole officers who supervise and monitor compliance of offenders living in the community with the provisions of their probation or parole agreement.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	185.00	29.00	0.00	214.00	37.00	0.00	222.00	222.00
Personal Services	8,927,859	1,742,512	0	10,670,371	2,142,156	0	11,070,015	21,740,386
Operating Expenses	2,746,578	1,110,397	0	3,856,975	1,093,578	0	3,840,156	7,697,131
Total Costs	\$11,674,437	\$2,852,909	\$0	\$14,527,346	\$3,235,734	\$0	\$14,910,171	\$29,437,517
General Fund	11,310,517	2,685,612	0	13,996,129	3,068,437	0	14,378,954	28,375,083
State/Other Special	363,920	167,297	0	531,217	167,297	0	531,217	1,062,434
Total Funds	\$11,674,437	\$2,852,909	\$0	\$14,527,346	\$3,235,734	\$0	\$14,910,171	\$29,437,517

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				875,950					921,492
Vacancy Savings				(392,159)					(393,970)
Inflation/Deflation				178,712					188,110
Fixed Costs				(427)					(427)
Total Statewide Present Law Adjustments				\$662,076					\$715,205
DP 205 - P & P Chemical Dependency Counselor Contracts									
0.00	546,520	0	0	546,520	0.00	546,520	0	0	546,520
DP 209 - Additional Probation and Parole FTE									
28.00	1,445,769	0	0	1,445,769	36.00	1,778,217	0	0	1,778,217
DP 210 - P&P Administrative Staff/Add Sup. Fee Auth.									
1.00	31,247	167,297	0	198,544	1.00	28,495	167,297	0	195,792
Total Other Present Law Adjustments									
29.00	\$2,023,536	\$167,297	\$0	\$2,190,833	37.00	\$2,353,232	\$167,297	\$0	\$2,520,529
Grand Total All Present Law Adjustments				\$2,852,909					\$3,235,734

DP 205 - P & P Chemical Dependency Counselor Contracts - This decision package requests \$1.1 million general fund for the biennium for increased community based chemical dependency and mental health services for offenders under probation or parole supervision.

**LFD
ISSUE****Determination of Funding Requested**

The department was asked for additional information to determine the basis for the level of funding included in this decision package, but the information provided did not specify how the amount included was determined. The legislature may wish to discuss with the department the basis for this increase.

DP 209 - Additional Probation and Parole FTE - This decision package requests about \$3.2 million general fund for the biennium to support an additional 28.00 FTE probation and parole staff in FY 2008 and an additional 8.00 FTE probation and parole staff in FY 2009 (a total of 36.00 FTE in FY 2009) and the related expenses.

**LFD
COMMENT**

The department estimates that each officer will have a caseload of 72 offenders and utilized the estimated probation and parole caseload for the next biennium to determine the number of additional officers necessary to maintain the per officer caseload at the current level.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The additional staff will assist the department with the increased offender community placements.

Goals: To move toward and 80% offender placement in community placements and 20% in secure facilities.

Performance measures: Progress will be measured through population management plan statistics.

Milestones: When will key activities be completed? Continued supervision for community placed offenders.

FTE: Probation and Parole officers, Institutional P&P officers, Adult Probation Officers II (supervisors).

Funding: General fund appropriation.

Obstacles: The challenges in implementing this proposal are keeping 80% of the offenders in the community while maintaining public safety.

Risks: If the proposal is not adopted risk are increased caseloads with the current probation and parole officers would provide less time for actual face to face contacts.

**LFD
ISSUE**

Completeness of Information

The information provided by the department does not specify what changes in the population management plan statistics are expected as a result of implementation of this proposal, nor does it specify task and milestones related to implementation of this proposal such as when recruitment will begin, when staff will be hired, when staff will receive training, or where staff will be located. This proposal also does not indicate if additional office space, furniture or other equipment must be purchased and coordinated with the hiring dates of staff. The proposal also does not indicate whether or not there are challenges in recruitment and retention of employees in these positions.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

DP 210 - P&P Administrative Staff/Add Sup. Fee Auth. - This decision package requests \$59,742 general fund for the biennium for an additional 1.00 FTE administrative support staff for probation and parole and \$334,594 state special revenue for increased collections of supervision fees.

Sub-Program Details**Treatment Unit 05**

This subprogram contains funding for several programs operated by contractors that provide treatment or services to divert offenders from prison.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
Operating Expenses	4,961,634	10,631,984	0	15,593,618	11,009,133	0	15,970,767	31,564,385
Total Costs	\$4,961,634	\$10,631,984	\$0	\$15,593,618	\$11,009,133	\$0	\$15,970,767	\$31,564,385
General Fund	4,961,634	10,631,984	0	15,593,618	11,009,133	0	15,970,767	31,564,385
Total Funds	\$4,961,634	\$10,631,984	\$0	\$15,593,618	\$11,009,133	\$0	\$15,970,767	\$31,564,385

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Inflation/Deflation				206					297	
Total Statewide Present Law Adjustments				\$206					\$297	
DP 203 - Annualize 120 Meth Treatment Beds										
0.00	5,306,512	0	0	5,306,512	0.00	5,306,512	0	0	5,306,512	
DP 204 - Annualize 50 Additional Treatment Beds										
0.00	1,334,509	0	0	1,334,509	0.00	1,334,509	0	0	1,334,509	
DP 206 - Annualize START Beds										
0.00	1,231,015	0	0	1,231,015	0.00	1,231,015	0	0	1,231,015	
DP 207 - Annualize Connections/WATCH/BASC beds										
0.00	2,382,684	0	0	2,382,684	0.00	2,382,684	0	0	2,382,684	
DP 215 - Provider Rate Increase										
0.00	377,058	0	0	377,058	0.00	754,116	0	0	754,116	
Total Other Present Law Adjustments										
0.00	\$10,631,778	\$0	\$0	\$10,631,778	0.00	\$11,008,836	\$0	\$0	\$11,008,836	
Grand Total All Present Law Adjustments				\$10,631,984					\$11,009,133	

**LFD
ISSUE****Beds Funded Exceed Population Estimate**

If the legislature wishes to adjust the funding level so that the number of beds funded in the budget match the estimated population level, it may wish to adjust the funding included in all or some of the decision packages for this subprogram. Legislative Fiscal Division staff continues to pursue this issue and additional information will be available for legislative consideration.

DP 203 - Annualize 120 Meth Treatment Beds - The decision package requests \$10.6 million general fund for the biennium to support 120 methamphetamine treatment beds that are scheduled to become available in the spring of 2007. The decision package assumes all 120 beds are occupied beginning July 1, 2007 and throughout the biennium.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Why is the proposal needed? MCA 53-1-204

Goals: The goal is to provide an alternative sentencing provision and specialized treatment for methamphetamine dependency.

Performance measures: Progress will be measured through statistics on recidivism regarding chemical dependency and returns to prison.

Milestones: Key activities will be completed due to MCA 53-1-204 this program will be available as an alternative unless the law is changed. The male and female facilities are on schedule to open in the spring of 2007.

FTE: Work will be completed by contracted facilities, Community Counseling and Correctional Services in Lewistown (80 males) and Boyd Andrew Community Services in Boulder (40 females).

Funding: General Fund paid as a per diem rate for each offender in the 9 month program.

Obstacles: The challenges in implementing this proposal include the timeframe for services in coordination with the projected growth.

Risks: If the proposal is not adopted there will be no alternative to sentencing as defined in MCA 53-1-204.

LFD ISSUE

Completeness of Information

The information provided by the department does not specify what outcomes, impacts, or changes in recidivism rates or returns to prison would be expected or considered a successful outcome of the program justifying the costs of treatment as opposed to the cost of other forms of incarceration.

While the 2005 Legislature supported the philosophy and concept of community corrections and treatment, funding was not specifically provided for these treatment centers.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

DP 204 - Annualize 50 Additional Treatment Beds - This decision package requests \$2.7 million general fund for the biennium to provide funding for 50 additional chemical dependency treatment beds. No costs for these 50 beds are included in the base budget.

DP 206 - Annualize START Beds - This decision package requests about \$2.5 million general fund for the biennium to annualize the costs of the 80 START program bed at the Warm Springs Campus, an alternative to prison that houses male offenders in sanction and diversion programs.

LFD COMMENT

The 2005 Legislature provided the department funding to convert the old reception center at Montana State Prison into a revocation center. Rather than convert the old reception center, the department contracted with a provider for services utilizing a facility on the Warm Springs Campus. The legislature provided funding of about \$2.8 million per year for 85 beds. The actual cost of the program for the 2009 biennium as operated by a contractor is \$66.70 per day, with a capacity of 88 beds or an annual cost of about \$2.4 million.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This proposal is needed to reflect the differential between the projected costs for the sanction and diversion programs in FY 2008 and 2009 and what was captured in the base budget.

Goals: The goals of the proposal are to ensure full funding of the program.

Performance measures: Progress be measured through recidivism statistics.

Milestones: The program will be continued as a diversion or sanction option instead of a prison placement as applicable.

FTE - Who will do the work? N/A

Funding: The funding is general fund on base expenditures plus projections for a full year of services.

Obstacles: What are the challenges in implementing this proposal? N/A

Risks: The risk if the proposal is not adopted is that the department is under funded for the program expenditures.

**LFD
ISSUE****Completeness of Information**

The department appears to have interpreted the request for additional information about this proposal as only a request for information about the funding request rather than as a request for information related to the features and expectations of the specific program. Thus, the information provided does not address the need for the program itself or the goals of this specific program, beyond the goal of continued funding.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

DP 207 - Annualize Connections/WATCH/BASC beds - This decision package requests about \$4.8 million general fund for the biennium to annualize the costs of a chemical dependency programs for offenders and sanction and diversion programs for female offenders. The 2005 biennium budget does not include specific mention of or funding for these programs at the level included in the 2009 biennium budget. However, funding for at least a portion of these beds was included in the base budget for the 2007 biennium.

**LFD
COMMENT**

Please refer to the discussion of provider rate increases in the Community Corrections program and agency narrative for more information on DP 215 Provider Rate Increases.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	625.79	14.00	0.00	639.79	14.00	0.00	639.79	639.79
Personal Services	28,764,463	2,899,824	0	31,664,287	3,037,539	0	31,802,002	63,466,289
Operating Expenses	34,690,501	10,622,575	0	45,313,076	15,626,426	0	50,316,927	95,630,003
Equipment	250,598	315,415	0	566,013	216,000	0	466,598	1,032,611
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$63,705,562	\$13,837,814	\$0	\$77,543,376	\$18,879,965	\$0	\$82,585,527	\$160,128,903
General Fund	63,605,562	13,837,814	0	77,443,376	18,879,965	0	82,485,527	159,928,903
State/Other Special	100,000	0	0	100,000	0	0	100,000	200,000
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$63,705,562	\$13,837,814	\$0	\$77,543,376	\$18,879,965	\$0	\$82,585,527	\$160,128,903

Program Description

The Secure Custody Facilities Program includes Montana State Prison for males, Montana Women's Prison for females, and contract bed facilities which including regional jails such as: Dawson County Correctional Facility in Glendive, Cascade County Regional Prison in Great Falls, Missoula Assessment and Sanction Center in Missoula and private for profit facilities such as Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Facilities Program Major Budget Highlights	
<ul style="list-style-type: none"> ◆ 2009 biennium funding for the program increases \$32.7 million (25.7 percent) when compared to double the FY 2006 base budget including: <ul style="list-style-type: none"> • \$24.2 million to support increased contract beds due to projected population increases, annualization of increased capacity implemented in the 2007 biennium, and provider rate increases • \$5.3 million to support increases at Montana State Prison including overtime costs, expansion of the inmate transportation program, supplies, equipment and staff transportation, including the addition of 12.00 FTE • \$1.2 million to support increases at Montana Women's Prison including overtime costs, contracted services increases, equipment, inmate pay and an additional 2.00 FTE correctional officers 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The 2009 biennium budget request includes funding for beds in excess of the projected population ◆ The executive budget does not specify where additional secure care bed capacity will be located or who might be potential contractors ◆ The new inmate transportation system may include transportation of inmates for whom the department is not responsible 	

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table Secure Custody Facilities						
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009
01000	Total General Fund	\$ 63,605,562	99.8%	\$ 77,443,376	99.9%	\$ 82,485,527
01100	General Fund	63,605,562	99.8%	77,443,376	99.9%	82,485,527
02000	Total State Special Funds	100,000	0.2%	100,000	0.1%	100,000
02339	Inmate Welfare/Inmate Pay	100,000	0.2%	100,000	0.1%	100,000
Grand	Total	<u>\$ 63,705,562</u>	<u>100.0%</u>	<u>\$ 77,543,376</u>	<u>100.0%</u>	<u>\$ 82,585,527</u>

Secure custody facilities are funded by the general fund. A small amount of state special revenue from the inmate welfare fund is also included in this program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,767,178					1,904,191
Vacancy Savings				(1,221,239)					(1,226,769)
Inflation/Deflation				285,986					320,888
Fixed Costs				(1,426)					(1,426)
Total Statewide Present Law Adjustments				\$830,499					\$996,884
DP 1 - Correctional Officers MWP	2.00	68,520	0	68,520	2.00	65,684	0	0	65,684
DP 3 - MWP Contract Annualization and Increases	0.00	152,489	0	152,489	0.00	167,489	0	0	167,489
DP 4 - MWP Inmate Pay	0.00	65,000	0	65,000	0.00	70,000	0	0	70,000
DP 6 - MWP Security/Training Equip. (OTO)	0.00	152,915	0	152,915	0.00	0	0	0	0
DP 8 - MWP Overtime	0.00	231,454	0	231,454	0.00	231,454	0	0	231,454
DP 301 - Annualize Contract Beds	0.00	848,533	0	848,533	0.00	850,602	0	0	850,602
DP 302 - Adjustment to contract beds for pop. growth	0.00	8,110,300	0	8,110,300	0.00	13,430,723	0	0	13,430,723
DP 303 - Provider Rate Increase	0.00	324,408	0	324,408	0.00	648,816	0	0	648,816
DP 3002 - Inmate Transportation	9.00	501,463	0	501,463	9.00	491,599	0	0	491,599
DP 3005 - 3 FTE for Infirmary and Mental Health	3.00	209,430	0	209,430	3.00	188,137	0	0	188,137
DP 3006 - MSP One Time Only Supplies OTO	0.00	496,503	0	496,503	0.00	0	0	0	0
DP 3010 - MSP Replacement Equipment - OTO	0.00	162,500	0	162,500	0.00	216,000	0	0	216,000
DP 3012 - MSP Inmate Pay	0.00	182,938	100,000	282,938	0.00	182,938	100,000	0	282,938
DP 3013 - MSP Staff Transportation - OTO	0.00	161,223	0	161,223	0.00	0	0	0	0
DP 3014 - MSP Overtime	0.00	1,239,639	0	1,239,639	0.00	1,239,639	0	0	1,239,639
Total Other Present Law Adjustments	14.00	\$12,907,315	\$100,000	\$0	14.00	\$17,783,081	\$100,000	\$0	\$17,883,081
Grand Total All Present Law Adjustments				\$13,837,814					\$18,879,965

Program Issues

Executive Budget Does Not Specify Location of Additional Beds

2009 biennium budget for secure care facilities and beds increases \$32.7 million, entirely from the general fund. The largest increase is a request for \$21.5 million for additional contract beds to support the department's projected increase in offender populations. However, the executive budget does not specify where these beds would be located or who the potential contractors to provide these services might be. Department staff indicated that a request for proposals (RFP) would be issued to solicit contractors. During the 2005 session, the legislature discouraged the department from contracting with privately run prisons for additional beds. But, it seems likely that in the event that a RFP is issued for additional secure beds private entities as well as other entities may choose to respond. The legislature may wish to request that the department provide a detailed plan, including tasks to be completed and specific time lines for completion, for acquisition of additional secure care beds.

Budgeted Level of Beds Exceeds Population Estimate

Figure 3 and 4, included in the agency summary portion of this analysis, provide, a comparison of the projected offender population to the number of beds supported by the budget requests. This comparison indicates that the number of beds funded in the budget request exceed the level of offender population projected for contract beds by six offenders or between \$122,000 and \$126,000 per year. While there is also a discrepancy between the projected population and budgeted population at the state operated MSP and MWP, an estimate of the difference in funding for the two population levels is not included. The cost of institutions is largely fixed and the cost associated with a small difference in population is likely minimal. However, the legislature may wish to ask the department to provide information about how the marginal costs of serving 8 additional offenders at MSP and 24 offenders at MWP vary from the budget request.

Transportation System

The budget Proposal also requests funding for additional staff and operating costs associated with state assumption of inmate transportation that was previously performed by a contractor. The department implemented the change from a contracted service provider to services provided by state employees on July 1, 2006 and is requesting \$993,062 for the biennium to support 9.00 FTE and related operating costs. Information provided by the department also indicates that they may transport inmates other than those the department is responsible for. Thus, it appears that implementation of this project may have resulted in the state assuming costs and responsibility previously the responsibility of another agency. The legislature may wish to have the department provide an explanation and flow chart of the old and new transportation systems including what agency is responsible for the offender and related transportation costs. This decision package and related information can be found in the Montana State Prison subprogram.

Population Projections

Figure 1 which is included in the agency summary portion of this analysis, summarizes department estimates of population growth for FY 2007 through 2009 and historical population growth. While this figure is based upon department information it is sorted for the purposes of this analysis in a manner different than the population projection spreadsheet published by the department. Additionally, the reader will note several lines titled unspecified location, meaning that the department is estimating a number of offenders that varies from the bed capacity of existing facilities (contracted and state operated). If the number shown is negative (in brackets) then there are more beds in the system than estimated offenders. If the number shown is positive, then there are more anticipated offenders than bed capacity within the system.

In some cases the legislature will see decision packages, such as funding for pre-release beds in northwestern Montana, that provide an indication of actions contemplated by the department to expand capacity. In other instances information related to department plans for expansion are not mentioned in the budget request. Specifically, the expansion of the work dorm included in the long range building request and development of the STEP program are included in the long range building request and the Department of Public Health and Human Services budget but not mentioned in the Department of Corrections budget request.

The legislature may wish to request that the department provide them a plan for expansion of bed capacity to house the number of offenders anticipated by the department's population estimate.

Male Secure Care

The department estimates that male secure care populations will grow 6 percent per year between FY 2007 and FY 2009. The growth in male secure care has ranged from 4.6 to 8.0 percent between FY 2000 and FY 2006 with a decrease occurring between FY 2002 and 2003, most likely due to the conditional release of inmates that occurred during that time period due to statewide budget pressures. The use of a growth rate of 6.0 percent per year between FY 2007 and 2009 appears to be consistent with past annual rates of growth.

Female Secure Care

Female secure care populations have been growing significantly and the department's projection continues that trend. The growth in female secure care has ranged from 12.1 percent in FY 2000 to 32.2 percent in FY 2005 with FY 2003 showing a decline in the population. (This decline is likely due to the conditional releases that were implemented during that time period.) The department projects growth of 17.5, 16.8, and 17.2 percent for FY 2007 through 2009, respectively. It appears the growth in female secure care may have spiked in FY 2005 and be returning to a lower level, although still a rate of increase in double digits. Given the trend in the rate of growth, the department's population projection appears to be reasonable.

Sub-Program Details**MONTANA STATE PRISON 01**

Montana State Prison located in Deer Lodge is a state operated secure facility for male inmates.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	548.52	12.00	0.00	560.52	12.00	0.00	560.52	560.52
Personal Services	24,988,162	2,799,310	0	27,787,472	2,915,712	0	27,903,874	55,691,346
Operating Expenses	10,296,407	1,126,595	0	11,423,002	463,708	0	10,760,115	22,183,117
Equipment	250,598	162,500	0	413,098	216,000	0	466,598	879,696
Total Costs	\$35,535,167	\$4,088,405	\$0	\$39,623,572	\$3,595,420	\$0	\$39,130,587	\$78,754,159
General Fund	35,435,167	4,088,405	0	39,523,572	3,595,420	0	39,030,587	78,554,159
State/Other Special	100,000	0	0	100,000	0	0	100,000	200,000
Total Funds	\$35,535,167	\$4,088,405	\$0	\$39,623,572	\$3,595,420	\$0	\$39,130,587	\$78,754,159

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,879,059					1,999,248
Vacancy Savings					(1,074,660)					(1,079,515)
Inflation/Deflation					231,498					258,562
Fixed Costs					(1,188)					(1,188)
Total Statewide Present Law Adjustments					\$1,034,709	\$1,177,107				
DP 3002 - Inmate Transportation	9.00	501,463	0	0	501,463	9.00	491,599	0	0	491,599
DP 3005 - 3 FTE for Infirmary and Mental Health	3.00	209,430	0	0	209,430	3.00	188,137	0	0	188,137
DP 3006 - MSP One Time Only Supplies OTO	0.00	496,503	0	0	496,503	0.00	0	0	0	0
DP 3010 - MSP Replacement Equipment - OTO	0.00	162,500	0	0	162,500	0.00	216,000	0	0	216,000
DP 3012 - MSP Inmate Pay	0.00	182,938	100,000	0	282,938	0.00	182,938	100,000	0	282,938
DP 3013 - MSP Staff Transportation - OTO	0.00	161,223	0	0	161,223	0.00	0	0	0	0
DP 3014 - MSP Overtime	0.00	1,239,639	0	0	1,239,639	0.00	1,239,639	0	0	1,239,639
Total Other Present Law Adjustments										
	12.00	\$2,953,696	\$100,000	\$0	\$3,053,696	12.00	\$2,318,313	\$100,000	\$0	\$2,418,313
Grand Total All Present Law Adjustments					\$4,088,405	\$3,595,420				

DP 3002 - Inmate Transportation - This decision package requests \$993,062 general fund FTE for the biennium to support 9.00 FTE and related operating costs to replace contracted inmate transportation services with state employees performing the function. Montana State Prison began doing this July 1, 2006 when the contract expired. The request includes 9.00 FTE transportation officers and related operating costs for both ongoing and to address, the increase in the number of inmates at MSP over the past two years.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Montana State Prison is now responsible for the entire transportation system previously conducted by Transcor Corporation for the Northwest Shuttle System. This also includes the coordination of out of state extraditions as requested by the Governor's Office.

Goals: To provide safe and efficient inmate transportation for the State of Montana.

Performance measures: Progress will be measured by escape incidents, transportation turn around time and budget expenditures.

Milestones: Transition of these services from the contractor to MSP was completed in July.

FTE: Montana State Prison transportation correctional officers.

Funding: The initial appropriation for out of state extraditions was transferred to DOC and the contracted amount that paid the Transcor contract was moved to fund the MSP operation.

Obstacles: Challenges in implementing this proposal include coordination with the regional and county entities to ensure efficiency of transports.

Risks: The risk if the proposal is not adopted is a shortage in funding and FTE to provide safe and efficient inmate transportation.

LFD ISSUE	<p>Completeness of Information</p> <p>The information provided by the department does not include: a rationale for discontinuing the contracted service, information regarding the number of offenders transported or, define what would be considered "safe and efficient" inmate transportation, nor does this proposal clearly indicate whether or not the state is incurring costs for transportation that have historically been the responsibility of local governments.</p> <p>The portions of this proposal related to the expansion of duties should have been requested as a new proposal rather than a present law adjustment.</p> <p>Please refer to the program summary for additional discussion of this decision package.</p> <p>Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.</p>
----------------------	---

DP 3005 - 3 FTE for Infirmary and Mental Health - This decision package requests \$397,567 general fund for the biennium to support 3.00 FTE, related operating costs, and an increase in contracted psychology assistant services. The department proposes adding 1.00 FTE to the infirmary operation due to the expanding population and 2.00 FTE to the Mental Health Unit.

DP 3006 - MSP One Time Only Supplies OTO - This decision package requests \$496,503 general fund in FY 2008 as a one-time-only appropriation for supplies, equipment, and specialty items needed for the infirmary, inmate surveillance, emergency phone contacts, key control, records, GPS vehicle tracking, staff safety and security, road maintenance, and overall facility operations.

**LFD
COMMENT**

Figure 6 provides a listing of the items included in this request.

Figure 6
Summary of Items Included in
DP 3006 Montana State Prison
One-time-only Supplies

Item	Cost
Tactical vest	\$30,000
Remote Video Surveillance, Max & Close III	80,000
Command Conference Telephone System	20,000
Computerized Key Management	54,000
Weapons	62,545
Infirmary - IV pumps & robo nurses	17,000
External Defibrillators (6)	12,000
Hospital Beds (10)	40,000
Record Holding Racks	9,000
Rounds Documentation System	12,000
Spike III Vests (15)	16,500
Personal Body Alarm System	26,673
Taser Units and cartridges	36,800
Sanding Bin	7,700
Security Grade Plastic Chairs, low side units	50,610
Transportation GPS System	21,675
Total	<u>\$496,503</u>

**LFD
ISSUE**

Portions of This Request Are New Proposals

This decision package includes both replacement of equipment and the purchase of new equipment. The items that are new equipment rather than replacement of existing equipment should have been included in a separate decision package and requested as a new proposal. Staff will continue to pursue getting an appropriation breakdown including the item, costs, whether it is a new item or a replacement, and the purpose of or need for the item for further consideration.

DP 3010 - MSP Replacement Equipment - OTO - This decision package requests \$378,000 general fund for the biennium for the replacement of equipment. The equipment scheduled for replacement includes a skid steer (\$35,000), command conference phone system (\$20,000), computerized key management (\$54,000), and retherm ovens (\$17,000), vehicles (\$140,000), maintenance vehicle (\$22,500), a delivery truck (\$90,000) and other items.

DP 3012 - MSP Inmate Pay - This decision package requests \$365,876 general fund and \$200,000 state special revenue for the biennium to fund inmate wages, which are zero based and not included in the base budget.

**LFD
COMMENT**

This request equates to a 10.7 percent increase above the FY 2006 base budget expenditure level of \$255,703.

DP 3013 - MSP Staff Transportation - OTO - This decision package requests \$161,223 general fund for one year (FY 2008) of funding for the employee transportation system that takes employees to and from Montana State Prison in Deer Lodge. The department indicates it is working with the Department of Transportation to establish a public bus route and expects that to be implemented in FY 2009.

**LFD
COMMENT**

The department indicates that it has pursued the provision of transportation for correctional officers residing in outlying areas in an effort to recruit and retain staffing for Montana State Prison as rising gas prices and poor road conditions are thought to contribute to difficulty attracting area residents and discouraging commuting. The department also states that early indications are that the availability of the transportation system has decreased call offs and overtime. The total costs of the system is estimated at \$628 per day or \$229,848 per year. Riders from Butte contribute \$2.50 per day and riders from Anaconda contribute \$2.00 per day. The department projects there will be 55 riders from Butte and 25 riders from Anaconda each day for 366 days per year. Estimated rider revenues of \$188 per day are offset against the costs of \$628 per day to arrive at a net cost to the department of \$440 per day or \$161,223 per year.

DP 3014 - MSP Overtime - The decision package requests \$2,479,278 general fund for the biennium for overtime costs that are zero based and not included in the base budget. MSP is required to have staff coverage 24 hours per day, 7 days per week including holidays.

**LFD
COMMENT**

The requested funding of \$1.2 million per year is consistent with the amount expended in the base budget for overtime and holidays worked.

Sub-Program Details**MONTANA WOMENS PRISON 02**

Montana Women's Prison is a state operated secure facility for females.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	68.27	2.00	0.00	70.27	2.00	0.00	70.27	70.27
Personal Services	3,314,270	65,013	0	3,379,283	84,585	0	3,398,855	6,778,138
Operating Expenses	2,187,708	211,017	0	2,398,725	230,752	0	2,418,460	4,817,185
Equipment	0	152,915	0	152,915	0	0	0	152,915
Total Costs	\$5,501,978	\$428,945	\$0	\$5,930,923	\$315,337	\$0	\$5,817,315	\$11,748,238
General Fund	5,501,978	428,945	0	5,930,923	315,337	0	5,817,315	11,748,238
Total Funds	\$5,501,978	\$428,945	\$0	\$5,930,923	\$315,337	\$0	\$5,817,315	\$11,748,238

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(168,114)					(153,102)
Vacancy Savings				(125,847)					(126,451)
Inflation/Deflation				52,766					60,501
Fixed Costs				(238)					(238)
Total Statewide Present Law Adjustments				(\$241,433)					(\$219,290)
DP 1 - Correctional Officers MWP	2.00	68,520	0	0	68,520	2.00	65,684	0	0
DP 3 - MWP Contract Annualization and Increases	0.00	152,489	0	0	152,489	0.00	167,489	0	0
DP 4 - MWP Inmate Pay	0.00	65,000	0	0	65,000	0.00	70,000	0	0
DP 6 - MWP Security/Training Equip. (OTO)	0.00	152,915	0	0	152,915	0.00	0	0	0
DP 8 - MWP Overtime	0.00	231,454	0	0	231,454	0.00	231,454	0	0
Total Other Present Law Adjustments	2.00	\$670,378	\$0	\$0	\$670,378	2.00	\$534,627	\$0	\$0
Grand Total All Present Law Adjustments				\$428,945					\$315,337

DP 1 - Correctional Officers MWP - This decision package requests \$134,204 general fund for the biennium to support an additional 2.00 FTE correctional officers at the Montana Women's Prison in Billings.

DP 3 - MWP Contract Annualization and Increases - This decision package requests \$319,978 general fund for the biennium to support several contract increases including \$107,408 for educational services, \$122,068 for medical services, \$3,000 for elevator maintenance, \$87,500 for various treatment, counseling and assessment services, and \$24,000 for the Prison Paws for Humanity program.

DP 4 - MWP Inmate Pay - This decision package requests \$135,000 general fund for the biennium for inmate pay, which is removed from the base budget.

**LFD
COMMENT**

FY 2006 base budget expenditures for inmate pay at MWP were \$32,445. The funding in this decision package is more than double FY 2006 actual expenditures. The department has requested an increase in funding because it hopes to increase inmate pay opportunities for offenders at this institution.

DP 6 - MWP Security/Training Equip. (OTO) - This decision package requests \$152,915 general fund as a one-time-only appropriation for various equipment needs including \$10,700 for janitorial equipment, \$10,070 for training equipment for inmates, \$6,000 for staff training equipment, \$10,850 for cross fencing the maximum security unit yard, \$5,295 for the Morse Watchman System. The request also includes \$110,000 for a camera system to help maintain safety and security as well as assisting with Prison Rape Elimination Act (PREA) compliance requirements.

DP 8 - MWP Overtime - This decision package requests \$462,908 general fund for the biennium for overtime and holidays worked time. These expenditures are removed from the base budget and must be requested.

**LFD
ISSUE****Potential to Reduce Cost**

The amount requested in this decision package is consistent with the amount expended for overtime and holidays worked in the base budget. However, the legislature may wish to request that the department provide information regarding how the approval of additional FTE correctional officers impacts the need for overtime.

Sub-Program Details**CONTRACTED BEDS 04**

This subprogram includes the costs of housing inmates in secure prison beds at facilities not owned or operated by the state including regional county owned and privately owned facilities.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	9.00	0.00	0.00	9.00	0.00	0.00	9.00	9.00
Personal Services	462,031	35,501	0	497,532	37,242	0	499,273	996,805
Operating Expenses	22,206,386	9,284,963	0	31,491,349	14,931,966	0	37,138,352	68,629,701
Total Costs	\$22,668,417	\$9,320,464	\$0	\$31,988,881	\$14,969,208	\$0	\$37,637,625	\$69,626,506
General Fund	22,668,417	9,320,464	0	31,988,881	14,969,208	0	37,637,625	69,626,506
Total Funds	\$22,668,417	\$9,320,464	\$0	\$31,988,881	\$14,969,208	\$0	\$37,637,625	\$69,626,506

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				56,233					58,045	
Vacancy Savings				(20,732)					(20,803)	
Inflation/Deflation				1,722					1,825	
Total Statewide Present Law Adjustments				\$37,223					\$39,067	
DP 301 - Annualize Contract Beds										
0.00	848,533	0	0	848,533	0.00	850,602	0	0	850,602	
DP 302 - Adjustment to contract beds for pop. growth										
0.00	8,110,300	0	0	8,110,300	0.00	13,430,723	0	0	13,430,723	
DP 303 - Provider Rate Increase										
0.00	324,408	0	0	324,408	0.00	648,816	0	0	648,816	
Total Other Present Law Adjustments										
0.00	\$9,283,241	\$0	\$0	\$9,283,241	0.00	\$14,930,141	\$0	\$0	\$14,930,141	
Grand Total All Present Law Adjustments				\$9,320,464					\$14,969,208	

DP 301 - Annualize Contract Beds - This decision package requests \$1,699,135 general fund for the biennium to annualize the costs of the beds and current rate structure for secure care contract beds located at Dawson County Regional Prison, Cascade Regional Prison, Corrections Corporation of America, and Missoula Assessment and Sanction Center.

DP 302 - Adjustment to contract beds for pop. growth - This decision package requests \$21.5 million general fund for the biennium to accommodate increases in adult secure care populations, which are projected by the department to grow by 6 percent per year.

**LFD
ISSUE****Beds Funded Exceed Estimated Population**

Please refer to the program narrative and agency summary for a discussion of projected offender populations and a comparison of the projected offender population to the number of beds support by the level of funding included in the budget request.

If the legislature wishes to reduce funding for beds to the same level as the estimated population, it may wish to reduce the amount included in this decision package by \$122,552 in FY 2008 and \$126,078 in FY 2009.

**LFD
ISSUE****Provider Rates**

The costs included in this decision package estimate the daily rate of these contract beds at \$55.00 per day in FY 2008 and \$58.50 per day in FY 2009. This is higher than current contract bed rates at regional prisons which appear to be about \$49.00 per day and consistent with the rate currently paid to a private prison for contracted beds. The legislature may wish to:

- Discuss with the department the rationale utilized to determine the estimated costs per day of additional contract beds
- Provide funding for these additional contract beds at a rate other than that included in the budget request

DP 303 - Provider Rate Increase - This decision package request \$973,224 general fund for the biennium to fund a provider rate increase of up to 2 percent per year for the contracted bed providers.

**LFD
COMMENT**

The provider rate increase requested by the department does not include funding for a rate increase for county jail holds or the additional contract beds requested due to projected increases in offender populations. However, the additional contract beds requested are included in the budget request at a cost of \$55.00 per day in FY 2008 and \$58.50 per day in FY 2009, which is higher than the rate currently paid for contract beds.

**LFD
ISSUE****New Proposal**

This decision package should have been included as a new proposal rather than a present law adjustment.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	17.50	0.00	0.00	17.50	0.00	0.00	17.50	17.50
Personal Services	863,006	167,180	0	1,030,186	169,573	0	1,032,579	2,062,765
Operating Expenses	2,310,838	1,030,899	0	3,341,737	1,031,544	0	3,342,382	6,684,119
Debt Service	216,708	0	0	216,708	0	0	216,708	433,416
Total Costs	\$3,390,552	\$1,198,079	\$0	\$4,588,631	\$1,201,117	\$0	\$4,591,669	\$9,180,300
General Fund	1,718,489	610,494	0	2,328,983	612,971	0	2,331,460	4,660,443
State/Other Special	1,264,038	529,122	0	1,793,160	529,123	0	1,793,161	3,586,321
Proprietary	408,025	58,463	0	466,488	59,023	0	467,048	933,536
Total Funds	\$3,390,552	\$1,198,079	\$0	\$4,588,631	\$1,201,117	\$0	\$4,591,669	\$9,180,300

Program Description

The Montana Correctional Enterprises (MCE) Division provides vocational education and on the job training to over 400 offenders. MCE programs allow offenders to gain knowledge, life skills, and work experience, helping them to transition back into society.

Program Highlights

Montana Correctional Enterprises Program Major Budget Highlights	
♦	2009 biennium funding increases \$2.4 million (35.4 percent) when compared to double the FY 2006 base budget; general fund increases \$1.2 million (35.6 percent) and state special revenue increase \$1.1 million (41.9 percent) over the same time period <ul style="list-style-type: none"> • General fund increases due to a request for \$1.0 million for the biennium to continue production of license plates; 2007 biennium funding for this purpose was one-time-only funding and not included in the base budget • State special revenue increases due to a request for \$1.1 million for anticipated operational costs increases in inmate canteen services
♦	Requested proprietary fund increases include requests for: <ul style="list-style-type: none"> • \$108,875 for the biennium to support an additional 2.00 FTE for the cook chill operation • \$306,920 for the biennium to replace equipment in the cook chill operation • \$321,087 for the biennium to maintain operation of the Montana Food Bank Network food program including operating expenses and 2.00 FTE

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table						
Mont Correctional Enterp						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 1,718,489	50.7%	\$ 2,328,983	50.8%	\$ 2,331,460	50.8%
01100 General Fund	1,718,489	50.7%	2,328,983	50.8%	2,331,460	50.8%
02000 Total State Special Funds	1,264,038	37.3%	1,793,160	39.1%	1,793,161	39.1%
02917 Msp Canteen Revolving Acct	1,264,038	37.3%	1,793,160	39.1%	1,793,161	39.1%
06000 Total Proprietary Funds	408,025	12.0%	466,488	10.2%	467,048	10.2%
06545 Prison Indust. Training Prog	408,025	12.0%	466,488	10.2%	467,048	10.2%
Grand Total	<u>\$ 3,390,552</u>	<u>100.0%</u>	<u>\$ 4,588,631</u>	<u>100.0%</u>	<u>\$ 4,591,669</u>	<u>100.0%</u>

Montana Correctional Enterprises is funded by a combination of general fund (51 percent), which supports license plate manufacturing and industries training programs, state special revenue from the canteen revolving account (39 percent), and proprietary funds from the prison industrial training program (10 percent).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				53,808					56,298
Vacancy Savings				(36,674)					(36,771)
Inflation/Deflation				7,723					8,368
Total Statewide Present Law Adjustments				\$24,857					\$27,895
DP 401 - License Plate/Vocational Education Inmate Payroll									
0.00	66,846	0	0	120,926 *	0.00	66,846	0	0	120,926 *
DP 403 - Canteen Additional State Special Fund Authority									
0.00	0	529,120	0	529,120	0.00	0	529,120	0	529,120
DP 408 - License Plate Apprp to maintain current production									
0.00	523,176	0	0	523,176	0.00	523,176	0	0	523,176
Total Other Present Law Adjustments									
0.00	\$590,022	\$529,120	\$0	\$1,173,222 *	0.00	\$590,022	\$529,120	\$0	\$1,173,222 *
Grand Total All Present Law Adjustments				\$1,198,079 *					\$1,201,117 *

DP 401 - License Plate/Vocational Education Inmate Payroll - This decision package requests \$133,692 general fund and \$108,160 proprietary funds for the biennium to fund inmate pay for the license plate factory and the vocational educational program. Inmate payroll is zero based.

DP 403 - Canteen Additional State Special Fund Authority - This decision package requests \$1,058,240 state special revenue from inmate canteen operations/sales for the biennium for inmate payroll and increases in operating costs for the canteen. Inmate payroll is zero-based. Operating costs are expected to increase due to the provision of services to additional units.

DP 408 - License Plate Apprp to maintain current production - This decision package requests \$1,046,352 general fund for the biennium to support license plate production and aluminum costs. The appropriation for the 2007 biennium was a one-time-only, restricted appropriation for both one-time and ongoing expenses and did not increase the base budget. Among the assumptions used to arrive at the funding requested in this decision package are that 700,000 license plates will be produced each year, requiring 200,000 pounds of aluminum at a cost of \$2.00 per pound.

**LFD
COMMENT**

The legislature provided a restricted one-time-only appropriation of \$496,837 general fund for license plate production for FY 2007.

Proprietary Rates**Proprietary Program Description**

The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility as well as programs at Montana Women's Prison.

The MCE Ranch and Dairy operation includes range cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, lumber processing, and the Montana Food Bank Cannery, which are all located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop and Toyota cutaway operation.

Proprietary Revenues and Expenses

MCE revenues are derived from the sale of product and services to state, city, county, non-profit and private customers. Operational needs, cash flow, economic return, customer orders, and product inventory levels determine the level of expenditures. Revenue levels are dependent on marketing efforts, cattle and dairy market conditions, legislative restrictions, governmental and non-profit customer needs and purchases, expansion and adjustment of the product line, private sector complaints and private customer contracts. In addition revenues for the laundry and cook chill operation are dependant on daily populations of the facilities they serve, and inmate canteen revenues are dependant on orders received from inmates located at both Montana State and Montana Women's Prisons.

Proprietary Rate Explanation

The MCE Industries rates for furniture, upholstery, print and sign shops are based on competitive product pricing.

The break even cost for laundry operations is approximately \$.38 per pound without delivery costs. Any profit is maintained within the industries fund, to be used for future laundry equipment replacements, as well as the overall industries enterprise operation.

MCE ranch and dairy rates are based on the current market prices of cattle, crops and dairy products. Lumber processing rates are based on current market value of the service performed.

The Food Factory rates are based on material cost and operating expenses. Meal prices are commensurate with costs incurred.

2009 Biennium Report on Internal Service and Enterprise Funds 2009

Fund	Fund Name	Agency #	Agency Name	Program Name
6034	MSP Institutional Industries	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY04	Actual FY05	Actual FY06	Budgeted FY07	Budgeted FY08	Budgeted FY09
Operating Revenues:						
Fee revenue						
Sale of Industries Products	-	-		2,750,000	2,750,000	2,750,000
Revenue from Fee B	-	-	-	-	-	-
Revenue from Fee C	-	-	-	-	-	-
Revenue from Fee D	-	-	-	-	-	-
Revenue from Fee E	-	-	-	-	-	-
Revenue from Fee F	-	-	-	-	-	-
Net Fee Revenue	1,564,315	1,814,375	2,655,418	2,750,000	2,750,000	2,750,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	1,564,315	1,814,375	2,655,418	2,750,000	2,750,000	2,750,000
Operating Expenses:						
Personal Services	829,136	828,321	952,974	1,327,639	1,278,812	1,284,362
Other Operating Expenses	793,743	1,483,382	1,503,466	1,397,917	1,360,818	1,361,602
Total Operating Expenses	1,622,879	2,311,703	2,456,440	2,725,556	2,639,630	2,645,964
Operating Income (Loss)	(58,564)	(497,328)	198,978	24,444	110,370	104,036
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets		-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(58,564)	(497,328)	198,978	24,444	110,370	104,036
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(58,564)	(497,328)	198,978	24,444	110,370	104,036
Total Net Assets- July 1 - As Restated	1,147,026	2,627,127	2,129,799	2,328,778	2,353,222	2,463,592
Prior Period Adjustments	143		-	-	-	-
Cumulative effect of account change	1,538,522	-	-	-	-	-
Total Net Assets - July 1 - As Restated	2,685,691	2,627,127	2,129,799	2,328,778	2,353,222	2,463,592
Net Assets- June 30	2,627,127	2,129,799	2,328,778	2,353,222	2,463,592	2,567,628
60 days of expenses (Total Operating Expenses divided by 6)	270,480	385,284	409,407	454,259	439,938	440,994

2009 Biennium Report on Internal Service and Enterprise Funds 2009

Fund	Fund Name	Agency #	Agency Name	Program Name
6545	Vocational Education	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY04	Actual FY05	Actual FY06	Budgeted FY07	Budgeted FY08	Budgeted FY09
Operating Revenues:						
Fee revenue						
Revenue from Motor Vehicle Maintenance Service	-	-	-	460,000	475,000	475,000
Net Fee Revenue	369,733	388,850	373,685	460,000	475,000	475,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	369,733	388,850	373,685	460,000	475,000	475,000
Operating Expenses:						
Personal Services	187,854	208,058	200,684	212,340	236,590	237,122
Other Operating Expenses	174,537	191,238	232,117	242,284	229,898	229,926
Total Operating Expenses	362,391	399,296	432,801	454,624	466,488	467,048
Operating Income (Loss)	7,342	(10,446)	(59,116)	5,376	8,512	7,952
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	7,342	(10,446)	(59,116)	5,376	8,512	7,952
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	7,342	(10,446)	(59,116)	5,376	8,512	7,952
Total Net Assets- July 1 - As Restated	152,734	160,076	150,571	112,879	118,255	126,767
Prior Period Adjustments	-	941	21,424	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	152,734	161,017	171,995	112,879	118,255	126,767
Net Assets- June 30	160,076	150,571	112,879	118,255	126,767	134,719
60 days of expenses (Total Operating Expenses divided by 6)	60,399	66,549	72,134	75,771	77,748	77,841

2009 Biennium Report on Internal Service and Enterprise Funds 2009

Fund	Fund Name	Agency #	Agency Name	Program Name		
6033	Prison Ranch	64010	Dept. of Corrections	Mont Correctional Enterprises		
					Actual FY04	Actual FY05
					Actual FY06	Budgeted FY07
					Budgeted FY08	Budgeted FY09
Operating Revenues:						
Fee revenue						
Sales of Products					-	-
MFBN Cannery Service Revenues					-	-
Net Fee Revenue					3,570,698	3,406,704
Investment Earnings					-	-
Securities Lending Income					-	-
Premiums					-	-
Other Operating Revenues					5,492	12,848
Total Operating Revenue					3,576,190	3,419,551
Operating Expenses:						
Personal Services					1,019,440	1,019,082
Other Operating Expenses					2,010,221	1,937,902
Total Operating Expenses					3,029,661	2,956,984
Operating Income (Loss)					546,529	462,567
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets					-	-
Federal Indirect Cost Recoveries					-	-
Other Nonoperating Revenues (Expenses)					-	-
Net Nonoperating Revenues (Expenses)					-	-
Income (Loss) Before Operating Transfers					546,529	462,567
Contributed Capital					-	-
Operating Transfers In (Note 13)					-	-
Operating Transfers Out (Note 13)					30,004	566,793
Change in net assets					576,533	1,029,360
Total Net Assets- July 1 - As Restated					9,134,154	9,684,125
Prior Period Adjustments					(26,562)	(561,143)
Cumulative effect of account change					-	-
Total Net Assets - July 1 - As Restated					9,107,592	9,122,982
Net Assets- June 30					9,684,125	10,152,342
60 days of expenses (Total Operating Expenses divided by 6)					504,944	492,831

2009 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
6573	MSP institutional	64010	Dept. of Corrections	Secure Custody Facilities		
			Actual FY04	Actual FY05	Actual FY06	Budgeted FY07
						Budgeted FY08
						Budgeted FY09
Operating Revenues:						
Fee revenue						
Food Product Sales			-	-	-	3,000,000
Net Fee Revenue			2,582,248	2,929,513	3,088,551	3,000,000
Investment Earnings			-	-	-	-
Securities Lending Income			-	-	-	-
Premiums			-	-	-	-
Other Operating Revenues			-	-	-	-
Total Operating Revenue			2,582,248	2,929,513	3,088,551	3,000,000
Operating Expenses:						
Personal Services			708,916	744,267	774,761	817,598
Other Operating Expenses			1,846,174	2,142,069	2,345,707	2,171,977
Total Operating Expenses			2,555,090	2,886,336	3,120,468	2,989,575
Operating Income (Loss)			27,158	43,177	(31,917)	10,425
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets			-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-
Net Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Operating Transfers			27,158	43,177	(31,917)	10,425
Contributed Capital			-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-
Change in net assets			27,158	43,177	(31,917)	10,425
Total Net Assets- July 1 - As Restated			3,709,510	3,736,668	3,779,845	3,747,928
Prior Period Adjustments			-	-	-	-
Cumulative effect of account change			-	-	-	-
Total Net Assets - July 1 - As Restated			3,709,510	3,736,668	3,779,845	3,747,928
Net Assets- June 30			3,736,668	3,779,845	3,747,928	3,758,353
60 days of expenses						3,803,799
(Total Operating Expenses divided by 6)			425,848	481,056	520,078	498,263
						492,426
						493,297

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	201.85	0.00	4.00	205.85	0.00	4.00	205.85	205.85
Personal Services	9,020,543	1,128,772	153,311	10,302,626	1,174,155	153,686	10,348,384	20,651,010
Operating Expenses	1,967,671	903,493	845,339	3,716,503	502,010	810,339	3,280,020	6,996,523
Equipment	6,500	0	0	6,500	0	0	6,500	13,000
Benefits & Claims	4,508,563	0	0	4,508,563	0	0	4,508,563	9,017,126
Transfers	1,866,299	0	0	1,866,299	0	0	1,866,299	3,732,598
Total Costs	\$17,369,576	\$2,032,265	\$998,650	\$20,400,491	\$1,676,165	\$964,025	\$20,009,766	\$40,410,257
General Fund	16,644,635	1,682,945	998,650	19,326,230	1,326,845	964,025	18,935,505	38,261,735
State/Other Special	505,885	345,000	0	850,885	345,000	0	850,885	1,701,770
Federal Special	219,056	4,320	0	223,376	4,320	0	223,376	446,752
Total Funds	\$17,369,576	\$2,032,265	\$998,650	\$20,400,491	\$1,676,165	\$964,025	\$20,009,766	\$40,410,257

Program Description

The Juvenile Corrections Division includes community transition centers, juvenile parole, Pine Hills Youth Correctional Facility in Miles City, Riverside Youth Correctional Facility in Boulder, interstate compact, and licensing of juvenile detention centers.

Program Highlights

Juvenile Corrections Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ 2009 biennium funding for the division increases \$5.7 million (16.3 percent) when compared to double the FY 2006 base budget: general fund increases \$5.0 million (14.9 percent) and state special revenue increases \$690,000 (68 percent) during the same time period ◆ General fund increases due to requests for: <ul style="list-style-type: none"> • \$1.8 million for the juvenile re-entry program to replace an eliminated federal grant • \$1.7 million for statewide present law adjustments • \$0.6 million for overtime costs • \$0.4 million for equipment and improvements at Pine Hills Youth Correctional Facility including replacement of the gym floor, safety and security equipment, and laundry equipment • \$0.2 million for equipment and improvements at Riverside Youth Correctional Facility including safety and security equipment and commercial kitchen equipment 	
Major LFD Issues	
<ul style="list-style-type: none"> ◆ The division requests almost \$1.8 million general fund to replace federal grant funding for the juvenile re-entry program 	

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table							
Juvenile Corrections							
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000	Total General Fund	\$ 16,644,635	95.8%	\$ 19,326,230	94.7%	\$18,935,505	94.6%
	01100 General Fund	16,644,635	95.8%	19,326,230	94.7%	18,935,505	94.6%
02000	Total State Special Funds	505,885	2.9%	850,885	4.2%	850,885	4.3%
	02034 Earmarked Alcohol Funds	25,523	0.1%	25,523	0.1%	25,523	0.1%
	02916 Phs-Canteen	3,594	0.0%	3,594	0.0%	3,594	0.0%
	02927 Phs Donations/I & I	257,115	1.5%	410,115	2.0%	410,115	2.0%
	02970 Juvenile Plcmnt Cost Of Care	219,653	1.3%	411,653	2.0%	411,653	2.1%
03000	Total Federal Special Funds	219,056	1.3%	223,376	1.1%	223,376	1.1%
	03084 Mvs-School Foods	22,804	0.1%	22,804	0.1%	22,804	0.1%
	03089 Phs-School Foods	145,981	0.8%	145,981	0.7%	145,981	0.7%
	03099 Phs-Esea Title I	45,941	0.3%	45,941	0.2%	45,941	0.2%
	03315 Misc Federal Grants	8,650	0.0%	8,650	0.0%	8,650	0.0%
	03530 6901-Foster Care 93.658	(4,320)	0.0%	-	-	-	-
Grand	Total	<u>\$ 17,369,576</u>	<u>100.0%</u>	<u>\$20,400,491</u>	<u>100.0%</u>	<u>\$20,009,766</u>	<u>100.0%</u>

The Juvenile Corrections Division is funded with general fund (95 percent) with the exception of state special revenue from parental contributions for the costs of care and interest and income from state trust lands, and federal funds from education system grants.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,113,525						1,160,798
Vacancy Savings				(405,364)						(407,254)
Inflation/Deflation				118,608						129,125
Fixed Costs				(215)						(215)
Total Statewide Present Law Adjustments				\$826,554						\$882,454
DP 501 - PHYCF Safety & Security Replacement Needs OTO	0.00	161,000	0	0	161,000	0.00	0	0	0	0
DP 502 - RYCF Safety/Security Replacement Needs OTO	0.00	60,100	0	0	60,100	0.00	0	0	0	0
DP 503 - PHYCF Replace Gym Floor OTO	0.00	140,000	0	0	140,000	0.00	0	0	0	0
DP 506 - PHYCF Laundry OTO	0.00	50,900	0	0	50,900	0.00	0	0	0	0
DP 508 - Educator Entitlement Adj Annualization	0.00	63,800	0	0	63,800	0.00	63,800	0	0	63,800
DP 509 - Youth Corrections Inmate Pay	0.00	48,156	0	0	48,156	0.00	48,156	0	0	48,156
DP 510 - Youth Corrections Overtime	0.00	331,455	0	0	331,455	0.00	331,455	0	0	331,455
DP 511 - Chaplain Contract for RYCF	0.00	5,300	0	0	5,300	0.00	5,300	0	0	5,300
DP 512 - Increased Authority for Parental Contributions	0.00	0	192,000	0	192,000	0.00	0	192,000	0	192,000
DP 513 - Donations, Interest & Income - Pine Hills	0.00	0	153,000	0	153,000	0.00	0	153,000	0	153,000
Total Other Present Law Adjustments	0.00	\$860,711	\$345,000	\$0	\$1,205,711	0.00	\$448,711	\$345,000	\$0	\$793,711
Grand Total All Present Law Adjustments					\$2,032,265					\$1,676,165

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Juvenile Re-Entry										
05	2.00	878,348	0	0	878,348	2.00	878,544	0	0	878,544
DP 502 - Riverside School-to-Work Program										
05	2.00	69,896	0	0	69,896	2.00	70,075	0	0	70,075
DP 505 - RYCF Commercial Kitchen OTO										
05	0.00	35,000	0	0	35,000	0.00	0	0	0	0
DP 506 - Educator Entitlement increase										
05	0.00	15,406	0	0	15,406	0.00	15,406	0	0	15,406
Total	4.00	\$998,650	\$0	\$0	\$998,650	4.00	\$964,025	\$0	\$0	\$964,025

The adjustments listed above are discussed in the applicable subprogram narratives which follow the program summary.

Sub-Program Details**JUVENILE CORRECTIONS ADMIN 01**

This subprogram of the juvenile corrections division performs statewide management functions for the division.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	238,257	9,215	0	247,472	9,531	0	247,788	495,260
Operating Expenses	40,471	2,112	0	42,583	2,259	0	42,730	85,313
Total Costs	\$278,728	\$11,327	\$0	\$290,055	\$11,790	\$0	\$290,518	\$580,573
General Fund	278,728	11,327	0	290,055	11,790	0	290,518	580,573
Total Funds	\$278,728	\$11,327	\$0	\$290,055	\$11,790	\$0	\$290,518	\$580,573

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				19,527					19,856
Vacancy Savings				(10,312)					(10,325)
Inflation/Deflation				2,187					2,334
Fixed Costs				(75)					(75)
Total Statewide Present Law Adjustments				\$11,327					\$11,790
Grand Total All Present Law Adjustments				\$11,327					\$11,790

Sub-Program Details**JUVENILE CORRECTIONS BUREAU 02**

This subprogram consists of statewide functions related to Juvenile corrections including parole, licensing of youth detention centers and interstate compact activities.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	21.50	0.00	2.00	23.50	0.00	2.00	23.50	23.50
Personal Services	1,156,729	37,027	83,415	1,277,171	41,928	83,611	1,282,268	2,559,439
Operating Expenses	302,877	26,639	794,933	1,124,449	28,032	794,933	1,125,842	2,250,291
Benefits & Claims	1,501	0	0	1,501	0	0	1,501	3,002
Total Costs	\$1,461,107	\$63,666	\$878,348	\$2,403,121	\$69,960	\$878,544	\$2,409,611	\$4,812,732
General Fund	1,461,107	63,666	878,348	2,403,121	69,960	878,544	2,409,611	4,812,732
Total Funds	\$1,461,107	\$63,666	\$878,348	\$2,403,121	\$69,960	\$878,544	\$2,409,611	\$4,812,732

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				86,767					91,872
Vacancy Savings				(49,740)					(49,944)
Inflation/Deflation				26,639					28,032
Total Statewide Present Law Adjustments				\$63,666					\$69,960
Grand Total All Present Law Adjustments				\$63,666					\$69,960

New Proposals

New Proposals										
	-----Fiscal 2008-----					-----Fiscal 2009-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Juvenile Re-Entry										
02	2.00	878,348	0	0	878,348	2.00	878,544	0	0	878,544
Total	2.00	\$878,348	\$0	\$0	\$878,348	2.00	\$878,544	\$0	\$0	\$878,544

DP 501 - Juvenile Re-Entry - This decision package requests about \$1.8 million general fund for the biennium to continue the Juvenile Re-Entry program that was previously funded through a federal grant. Juvenile Re-entry is a community-based program for youth released from secure facilities. Program components include housing, mentoring services, faith based, and health related services. This program had been federally funded since FY 2004 and it is anticipated that it will be omitted from the federal budget next year. Federal funding for this program was added through the budget amendment process and so is not included in the general appropriations act.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Federal funding is anticipated to be omitted from the federal budget.

Goals: To continue providing reduced recidivism rates.

Performance measures: Progress be measured through statistics regarding recidivism rates.

Milestones: If the program components continue to be successful then the intent would be to maintain the services.

FTE: Youth Service Staff located in secured facilities and contracted services.

Funding: Federal funding lost – program continued with general funding. If there is a continue reduction in recidivism then there is less cost to the secure facility.

Obstacles: Challenges are continued maintenance of contracts in each of the components relating the community based program.

Risks: If the proposal is not adopted risk are increased youth in DOC juvenile secure facilities.

LFD ISSUE

Completeness of Information

The information provided by the department does not address why the program is necessary or desirable, beyond the need to replace lost federal funding, indicate specifically what change in the recidivism rate would be considered indication of a successful outcome, or indicate what specific aspects or items are challenges in the continuation of contracts.

Please refer to the agency summary for a discussion of goals and objectives and information requested for selected budget proposals.

LFD ISSUE

General Fund Requested to Replace the Anticipated Loss of Federal Grant Funds

General fund is requested to support the juvenile re-entry functions implemented by the department through the use of federal grant funds. This decision package represents a shift in funding for this function from federal funds to the general fund because the federal grant is not expected to be re-authorized. Given the uncertain nature of the availability of federal grant funds, the legislature may wish to:

- Request that the department provide data that illustrates that the implementation of this program has reduced recidivism rates and admissions to youth correctional facilities
- Determine if funding for the program should be continued with a general fund appropriation
- Make funding for this function contingent upon the availability of federal grant funds
- Provide the funding as a restricted appropriation so that it may not be expended for other programs within the department and so that any unexpended funds revert to the general fund

Sub-Program Details**RIVERSIDE YOUTH CORRECTIONAL FACIL 03**

This subprogram is composed of the Riverside Youth Correctional Facility, which is the state operated juvenile corrections institution for female youth located in Boulder.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	27.50	0.00	2.00	29.50	0.00	2.00	29.50	29.50
Personal Services	1,246,678	146,901	69,896	1,463,475	151,926	70,075	1,468,679	2,932,154
Operating Expenses	274,311	109,942	35,000	419,253	50,741	0	325,052	744,305
Total Costs	\$1,520,989	\$256,843	\$104,896	\$1,882,728	\$202,667	\$70,075	\$1,793,731	\$3,676,459
General Fund	1,489,535	234,798	104,896	1,829,229	180,622	70,075	1,740,232	3,569,461
State/Other Special	0	22,045	0	22,045	22,045	0	22,045	44,090
Federal Special	31,454	0	0	31,454	0	0	31,454	62,908
Total Funds	\$1,520,989	\$256,843	\$104,896	\$1,882,728	\$202,667	\$70,075	\$1,793,731	\$3,676,459

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					148,982					154,217
Vacancy Savings					(55,826)					(56,036)
Inflation/Deflation					18,696					19,595
Fixed Costs					(75)					(75)
Total Statewide Present Law Adjustments					\$111,777	\$117,701				
DP 502 - RYCF Safety/Security Replacement Needs OTO	0.00	60,100	0	0	60,100	0.00	0	0	0	0
DP 508 - Educator Entitlement Adj Annualization	0.00	14,876	0	0	14,876	0.00	14,876	0	0	14,876
DP 509 - Youth Corrections Inmate Pay	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
DP 510 - Youth Corrections Overtime	0.00	37,745	0	0	37,745	0.00	37,745	0	0	37,745
DP 511 - Chaplain Contract for RYCF	0.00	5,300	0	0	5,300	0.00	5,300	0	0	5,300
DP 512 - Increased Authority for Parental Contributions	0.00	0	22,045	0	22,045	0.00	0	22,045	0	22,045
Total Other Present Law Adjustments										
	0.00	\$123,021	\$22,045	\$0	\$145,066	0.00	\$62,921	\$22,045	\$0	\$84,966
Grand Total All Present Law Adjustments					\$256,843	\$202,667				

DP 502 - RYCF Safety/Security Replacement Needs OTO - This decision package requests \$60,100 general fund as a one-time-only appropriation for equipment replacement at the Riverside Youth Correctional Facility. Equipment included in this replacement request include a new housing unit security system \$10,500, automation of two sally port gates \$12,000 each, installation of a Morsekey Watchman system \$10,000 for the system and \$2,000 for software, and replacement of 17 windows at a costs of \$800 each or \$13,600.

DP 508 - Educator Entitlement Adj Annualization - This decision package request \$29,752 general fund for educator entitlements as provided by HB 1 of 2005 Special Session.

DP 509 - Youth Corrections Inmate Pay - This decision package request \$10,000 general fund for the biennium for inmate pay, which is a zero based budget item.

LFD ISSUE New Proposal
Inmate pay is requested for this facility so that new inmate pay programs may be implemented. Because the request is for a new program, it should have been requested as a new proposal rather than a present law adjustment.

DP 510 - Youth Corrections Overtime - This decision package requests \$75,490 general fund for the biennium for overtime, which is a zero based budget item. State institutions such as Riverside Youth Correctional Facility require 24 hour per day, 7 days a week staffing coverage.

LFD COMMENT The \$37,745 per year is consistent with what was expended in FY 2006 the base budget year for overtime and holidays worked.

DP 511 - Chaplain Contract for RYCF - This decision package requests \$10,600 general fund for the biennium to contract with a chaplain on a full time basis.

LFD COMMENT The department indicates that the Pine Hills Youth Correctional Facility for males does currently have a full time chaplain contracted at a cost of about \$5,300 per year. Funding to provide similar contract services at Riverside Youth Correctional Facility for females is requested in this decision package.

DP 512 - Increased Authority for Parental Contributions - This decision package requests an increase of \$44,090 state special revenue for the biennium for payments made by parents of incarcerated juvenile offenders.

New Proposals

New Proposals										
Sub Program	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 502 - Riverside School-to-Work Program										
03	2.00	69,896	0	0	69,896	2.00	70,075	0	0	70,075
DP 505 - RYCF Commercial Kitchen OTO										
03	0.00	35,000	0	0	35,000	0.00	0	0	0	0
Total	2.00	\$104,896	\$0	\$0	\$104,896	2.00	\$70,075	\$0	\$0	\$70,075

DP 502 - Riverside School-to-Work Program - This decision package requests \$139,971 general fund for the biennium to support 2.00 FTE food service positions to staff the commercial kitchen requested in new proposal 505 and implement a food service school-to-work program at Riverside Youth Correctional Facility.

DP 505 - RYCF Commercial Kitchen OTO - This decision package requests \$35,000 general fund for the biennium to support one-time-only equipment purchases for a commercial kitchen at Riverside Youth Correctional Facility to provide a work program for female juvenile offenders as is provided for males. The department indicates that the estimated cost of the kitchen is \$75,000, which is offset by about \$41,000 of meal costs that are included in the base budget to arrive at the \$35,000 requested in this decision package.

**LFD
ISSUE**

Removal of Costs

Given that the department indicates that the \$41,000 included in the base budget for meal costs will be used toward the installation of a commercial kitchen in FY 2008 it would seem that if the commercial kitchen is installed funding for meals would not be needed in FY 2009 either. Thus, the legislature may wish to remove the \$41,000 of funding for meals from the FY 2009 budget if this decision package is adopted.

Sub-Program Details**TRANSITION CENTERS 04****Sub-Program Proposed Budget**

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	16.00	0.00	0.00	16.00	0.00	0.00	16.00	16.00
Personal Services	630,596	48,801	0	679,397	53,390	0	683,986	1,363,383
Operating Expenses	133,626	25,304	0	158,930	26,250	0	159,876	318,806
Total Costs	\$764,222	\$74,105	\$0	\$838,327	\$79,640	\$0	\$843,862	\$1,682,189
General Fund	764,222	53,920	0	818,142	59,455	0	823,677	1,641,819
State/Other Special	0	20,185	0	20,185	20,185	0	20,185	40,370
Total Funds	\$764,222	\$74,105	\$0	\$838,327	\$79,640	\$0	\$843,862	\$1,682,189

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				62,762					67,543
Vacancy Savings				(27,734)					(27,926)
Inflation/Deflation				5,119					6,065
Total Statewide Present Law Adjustments				\$40,147					\$45,682
DP 509 - Youth Corrections Inmate Pay	0.00	13,773	0	13,773	0.00	13,773	0	0	13,773
DP 512 - Increased Authority for Parental Contributions	0.00	0	20,185	20,185	0.00	0	20,185	0	20,185
Total Other Present Law Adjustments	0.00	\$13,773	\$20,185	\$0	0.00	\$13,773	\$20,185	\$0	\$33,958
Grand Total All Present Law Adjustments				\$74,105					\$79,640

DP 509 - Youth Corrections Inmate Pay – This decision package requests \$27,546 general fund for the biennium for overtime costs, which is a zero based budget item.

**LFD
COMMENT**

Although the title of this decision package indicates it is for inmate pay, the department is actually requesting funding for overtime. The amount requested is consistent with base budget expenditures for overtime and holidays worked.

DP 512 - Increased Authority for Parental Contributions – This decision package requests \$40,370 state special revenue for the biennium for anticipated increases in payments made by parents of incarcerated juvenile offenders.

Sub-Program Details**PINE HILLS YOUTH CORRECTIONAL FACI 05**

Funding included in this subprogram supports the state operated juvenile corrections facility for male offenders, Pine Hills Youth Correctional Facility in Miles City, Montana.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	132.85	0.00	0.00	132.85	0.00	0.00	132.85	132.85
Personal Services	5,748,283	886,828	0	6,635,111	917,380	0	6,665,663	13,300,774
Operating Expenses	1,213,126	739,496	15,406	1,968,028	394,728	15,406	1,623,260	3,591,288
Equipment	6,500	0	0	6,500	0	0	6,500	13,000
Benefits & Claims	118,947	0	0	118,947	0	0	118,947	237,894
Total Costs	\$7,086,856	\$1,626,324	\$15,406	\$8,728,586	\$1,312,108	\$15,406	\$8,414,370	\$17,142,956
General Fund	6,608,702	1,323,554	15,406	7,947,662	1,009,338	15,406	7,633,446	15,581,108
State/Other Special	286,232	302,770	0	589,002	302,770	0	589,002	1,178,004
Federal Special	191,922	0	0	191,922	0	0	191,922	383,844
Total Funds	\$7,086,856	\$1,626,324	\$15,406	\$8,728,586	\$1,312,108	\$15,406	\$8,414,370	\$17,142,956

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				795,487					827,310
Vacancy Savings				(261,752)					(263,023)
Inflation/Deflation				65,967					73,099
Fixed Costs				(65)					(65)
Total Statewide Present Law Adjustments				\$599,637					\$637,321
DP 501 - PHYCF Safety & Security Replacement Needs OTO	0.00	161,000	0	161,000	0.00	0	0	0	0
DP 503 - PHYCF Replace Gym Floor OTO	0.00	140,000	0	140,000	0.00	0	0	0	0
DP 506 - PHYCF Laundry OTO	0.00	50,900	0	50,900	0.00	0	0	0	0
DP 508 - Educator Entitlement Adj Annualization	0.00	48,924	0	48,924	0.00	48,924	0	0	48,924
DP 509 - Youth Corrections Inmate Pay	0.00	29,383	0	29,383	0.00	29,383	0	0	29,383
DP 510 - Youth Corrections Overtime	0.00	293,710	0	293,710	0.00	293,710	0	0	293,710
DP 512 - Increased Authority for Parental Contributions	0.00	0	149,770	149,770	0.00	0	149,770	0	149,770
DP 513 - Donations, Interest & Income - Pine Hills	0.00	0	153,000	153,000	0.00	0	153,000	0	153,000
Total Other Present Law Adjustments	0.00	\$723,917	\$302,770	\$0	0.00	\$372,017	\$302,770	\$0	\$674,787
Grand Total All Present Law Adjustments				\$1,626,324					\$1,312,108

DP 501 - PHYCF Safety & Security Replacement Needs OTO - This decision package requests \$161,000 general fund for the biennium as one-time-only funding for the upgrade of the camera system (\$44,000), replacement of the outdated intercom system (\$100,000), and installation of new upgraded smoke detectors (\$17,000) at Pine Hills Youth Correctional Facility.

DP 503 - PHYCF Replace Gym Floor OTO - This decision package requests \$140,000 general fund for the biennium in a one-time-only appropriation to replace the floor in the gym at Pine Hills Youth Correctional Facility, which is forty years old and can no longer be sanded and refinished.

DP 506 - PHYCF Laundry OTO - This decision package requests \$50,900 general fund for the biennium in a one-time-only appropriation for the purchase of industrial washers and dryers for Pine Hills Youth Correctional Facility to replace the current contracted service. The department indicates that doing laundry on site instead of by contracting will allow them to pay for the equipment in three and one half years.

**LFD
ISSUE****Reduction in Future Costs**

While the department indicates that by doing laundry itself it will be able to pay for the equipment in three and one half years, there is no reduction in future costs included in the budget request. Further information from the department indicates that the \$12,000 of laundry costs included in the base budget will still be needed for maintenance of the laundry program, which will become a work restitution program opportunity if this decision package is implemented. Thus, the costs of equipment and installation are new costs and it does not appear that these costs will be recovered with future savings.

DP 508 - Educator Entitlement Adj Annualization - This decision package requests \$97,848 general fund for the biennium as provided in HB 1 of 2005 Special Session to annualize 2007 biennium payments for educator entitlements. This funding would be used for the quality educator component, at risk student payment, Indian Education for All and the Indian achievement gap funding.

DP 509 - Youth Corrections Inmate Pay - This decision package request \$10,000 general fund for the biennium for inmate pay, which is a zero based budget item.

DP 510 - Youth Corrections Overtime - This decision package requests \$75,490 general fund for the biennium for overtime, which is a zero based budget item. State institutions such as Riverside Youth Correctional Facility require 24 hour per day, 7 days a week staffing coverage.

**LFD
COMMENT**

The \$37,745 per year is consistent with what was expended in FY 2006 the base budget year for overtime and holidays worked.

DP 512 - Increased Authority for Parental Contributions - This decision package requests \$299,540 the state special revenue for the biennium for anticipated increases in payments made by parents of incarcerated juvenile offenders.

DP 513 - Donations, Interest & Income - Pine Hills - This decision package requests \$306,000 state special revenue for the biennium for anticipated increases in the donation interest and income account. Revenue is based on land leases and timber sales.

New Proposals

New Proposals											
Sub Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				Federal Special	Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special		
DP 506 - Educator Entitlement increase											
05	0.00	15,406	0	0	15,406	0.00	15,406	0	0		15,406
Total	0.00	\$15,406	\$0	\$0	\$15,406	0.00	\$15,406	\$0	\$0		\$15,406

DP 506 - Educator Entitlement increase - This decision package request \$30,812 general fund for the biennium as an increase to educator entitlement funding provided in current law. This is calculated based on certified FTE and 1.4 percent retirement cost.

Sub-Program Details**JUVENILE PLACEMENT FUNDS 06**

This subprogram includes funding for juvenile placements including placements made by juvenile parole officers employed by the Department of Corrections and juvenile probation officers employed by the judicial branch.

Sub-Program Proposed Budget

The following table summarizes the total executive budget proposal for this sub-program by year, type of expenditure, and source of funding.

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
Operating Expenses	3,260	0	0	3,260	0	0	3,260	6,520
Benefits & Claims	4,388,115	0	0	4,388,115	0	0	4,388,115	8,776,230
Transfers	1,866,299	0	0	1,866,299	0	0	1,866,299	3,732,598
Total Costs	\$6,257,674	\$0	\$0	\$6,257,674	\$0	\$0	\$6,257,674	\$12,515,348
General Fund	6,042,341	(4,320)	0	6,038,021	(4,320)	0	6,038,021	12,076,042
State/Other Special	219,653	0	0	219,653	0	0	219,653	439,306
Federal Special	(4,320)	4,320	0	0	4,320	0	0	0
Total Funds	\$6,257,674	\$0	\$0	\$6,257,674	\$0	\$0	\$6,257,674	\$12,515,348

**LFD
ISSUE****Juvenile Delinquency Intervention Program**

Funding for the Juvenile Delinquency Intervention Program (JDIP) is included in the juvenile corrections budget. Under this program funding appropriated to the department is allocated in three ways: 1) at least \$1 million is allocated to a costs containment pool; 2) some funding is allocated for juvenile parole placements made by department staff; and 3) funding is allocated to judicial districts for youth placed by juvenile probation officers employed by the judicial branch.

During the summer of 2006 the Law and Justice Interim Committee (LJIC) was presented information about issues related to administrative rules proposed by the Department of Corrections for the JDIP program. The proposed rules:

- Were in conflict with statutes in some places
- Exceeded statutory authority in some cases
- Were not properly noticed

Additionally, as a result of the review of the proposed rules, legislative legal staff noted that there were problems with the statutes including: defects in how the statutes were written, current statutes do not reflect court assumption, and the current statutes set up questions about the constitutionality of the separation of powers issue.

The department proposed these rule changes in an effort to comply with legislative audit finding that suggested the department adopt rules to:

- Clarify allowable expenditures
- Establish program standards in accordance with state law and legislative intent

The audit report also suggested that the department and judicial branch cooperatively seek legislation to update the Montana Youth Court Act including examining the organizational location of, and need for, the JDIP because youth courts are now under the administrative umbrella of the judicial branch. The legislative audit identified four options related to the organizational structure of the JDIP for legislative consideration including:

- Maintain JDIP in its current structure and location
- Transfer JDIP administration and appropriations to the judicial branch
- Create a separate administrative entity to administer the program
- Eliminate the program and transfer youth court placement funding to the judicial branch

**LFD
ISSUE
CONT.**

Rather than propose legislation the LJIC requested that the department and Judiciary work to draft legislation agreeable to both agencies. LC 0369 represents the legislation proposed by the agencies. LC 0369 includes:

- Revisions to:
 - provisions regarding the use of funds
 - membership of the cost containment panel
 - the duties of the department, the Office of Court Administrator, and youth courts
- A requirement that the department to consult with the Office of Court Administrator when developing its budget request for JDIP
- Requirements that unexpended cost containment pool funds be transferred to the Youth Court Intervention and Prevention Account
- Expand the purpose of the Juvenile Delinquency Intervention Act